

## Abstract

For about a decade from the late 1990s until the early 2000s, the Chinese state commanded loss-making and other small- and medium-sized enterprises to dismiss what amounted to some tens of millions of older (over age 35), unskilled workers, as it prepared to join the World Trade Organization and the global market. These clearly uncompetitive laborers were largely left with little or no income or benefits, and many protested. In response, the regime instituted a so-called “social assistance” program, which, the paper argues, did very little to address their predicament.

Keywords: workers, welfare, social assistance, protests, dismissals, pensions

### China’s Old Working Class: Impoverished and Cast Aside

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Bitter poverty in China’s cities<sup>1</sup> is the direct product not of the workings of the market; nor did it arise from the country’s subjection to the vagaries of the global economy. Instead, it emerged from the programmatic choices of the rulers perched at the helm of the polity--to order smaller enterprises across the country to dismiss tens of millions of less-qualified, but previously lifetime-secure, workers in the late 1990s, as China prepared to enter the World Trade Organization. The truth is that the existence of this indigence derives from the developmental imaginary these leaders have envisioned for thrusting the nation onto the pathway of “modernity”—a drama in which cast-aside workers became the new urban poor, those seemed to these leaders to be not up to performing even bit parts.

These now impoverished people are the artifact of the enactment over a generation of a set of politicians’ preferences for the better bred and more highly talented over the ordinary among the Chinese populace. Throughout the past quarter century the appearance of hardship and of its partakers, that is, the lately destitute in the metropolises, has not been accidental, I contend. These new paupers are situated as they are because they were purposively discarded and placed in the shadows; they have become invisible.

Indeed, when speaking of China in recent years, quite a different narrative is rife: Reports of miracles of accomplishment abound. Commentators marvel over the country’s “rise,” not just in its steadily inflating power abroad, but particularly in its having “pulled millions up from poverty” at home. Such stories of success generally have one of two foci: if the narrative is about “rise,” the locus of attention is the burgeoning urban middle and rich classes; if the point is to look at poverty, it is only the peasants--the rural people-in-the-countryside who are addressed. Still another issue: most investigation of Chinese privation has focused on the phenomenon of poverty itself, or else on the efficacy of particular efforts at reducing or eliminating indigence (Park, Wang, and Wu, 2002; Cheng, Zhang, and Fan, 2002; Khan and Riskin, 2001; and Meng, Gregory and Wang, 2005). Thus, all we get, in the main, is about positive, upward trajectories. But there is much more to the tale, though it is rarely told.

Perhaps the regime has willed it so. For this has been a government—much like its predecessors going back some hundred and fifty years—that aims for progress, prosperity, and productivity,

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<sup>1</sup> The extent of this poverty is discussed below.

not just to impress its own populace, but also to present to the world-at-large. Indeed, much of the legitimacy of the current, post-Mao political order over the past four-plus decades (since 1978) has been tethered to achievements in amassing wealth, stimulating national pride, and fabricating a new, “high-quality” citizenry, all aimed at permitting China to be conceived, finally, as fully “modern.” What does not—most likely cannot—be forced into that mold is best chucked aside, pitched out of the range of watching gazes and robbed of agency. China is proud but it is also self-conscious; its dreams must be glorious, its path seen as ever pushing onward, toward modernity.

In such a context, poverty in the cities is simply out of place. It is not to be available for viewing, nor is it even to be mentioned. And yet, the poverty-stricken, urban-registered in the cities cannot be merely left to expire *in situ* immediately, the nation’s leaders know. So in 1999 the Communist Party instituted a mode of maintaining these indigents, these then newly jobless—many of whom had gone out on the streets rallying against their new predicament--if barely, by means of a system of a sort of social assistance. In doing so, sadly, the regime employs a method that--whether intentionally or not (there is no way to be sure)--more or less confines the cities’ poor into a space of exclusion from which they cannot escape. Fashioned, then, as the “other” side of the “modern,” these unfortunates thus are as if shucked away (Rofel 1999, xiii, 3; Anagnost, 1997, 77).

Thus, in 1999 a program of relief for these rowdy retrenched workers appeared on the books of the People’s Republic, one titled the Minimum Livelihood Guarantee [*zuidi shenghuo baozhang* 最低生活保障, for short, *dibao* 低保]. But this approach did pitifully little to address the sorry plight of the tens of millions of low-skilled, older (over age 35) workers who had been sacked from their once-lifetime factory positions in the previous years, as China prepared to enter World Trade Organization and to join the competitive world market in force. In what follows I convey some sense of the situation of these rejects under the *dibao*, then provide two kinds of evidence that the plan’s purpose was more to shut up protesting workers than it was to aid poor people. First, a consideration of municipal penury in China among the urban-registered population.

## Urban Poverty

A familiar story that has won China much acclaim internationally asserts that the regime has managed to deliver hundreds of millions of poor people from poverty between 1978 and 2015 (Ding, 2016, 22; Yang and Liu, 2020).<sup>1</sup> But, impressive as those results were, particularly in the years long before the current leaders came on board (Rawski, 2011), the publicists fail to note that what they are telling is wholly a rural tale. So, in recent announcements, it was the impoverished population in the *countryside* that was “lifted up,” whose numbers declined from 94.2 million at year-end 2000 down to 36 million in 2009, such that the national poverty rate--but, again, only in the rural areas--fell from 10.2 percent to 3.8 percent over those years. By mid-2020 a claim was put forth that 850 million people had been “raised out of extreme poverty” (Ding 2016, 24; Hernandez, 2020).

It is true, and often remarked, that urban citizens’ incomes rose steadily from the 1980s onward, where median income grew at 6.1 percent per annum between 1988 and 2013 (Gustafsson and

Ding, 2020, 248-49). But such reports obscure internal differentiation, revealing little about how the lowest segment of society has fared. Looking just at people holding non-agricultural household registration [*hukou*, 户口] (thus, omitting migrants), poverty has increased in cities, and continues to.

The major cause has been notable hikes in unemployment, chiefly mass dismissals of those seen as obsolete workers, primarily between 1995 and 2004. The Party encouraged local levels of government to abandon, i.e., release to the play of market forces, the mostly locally-owned, smaller, but also some medium-sized, enterprises within their jurisdictions. Many thousand firms were sold off in part or in whole (often to their managers), leased to private businesspeople, merged according to official orders, converted into shareholding companies with mixed public and private ownership, or, frequently, made to fall into bankruptcy (Chen 2003, 237). According to Zhiming Cheng, by the end of 2001, this was the fate of a full 86 percent of state firms; total numbers had fallen from 63,737 down to 27,477 by 2015 (Cheng 2010, 144; Garnaut, Song, and Yao 2006, 38).<sup>2</sup>

Loss-making firms, especially those locally owned and managed and that had no particular strategic significance to the larger economy, were the primary targets. This process inevitably entailed removing from the rolls at one fell swoop untold tens of millions of members of the prior workforce (Knight and Li 2006, 105; Andreas 2019, 197). Researchers have figured those retrenched ranged from 50 to over 70 million workers (Giles, Park, and Cai 2006, 587; Hu 2001, 9; Hu 2002; Wang, D. P. 2001, 24; Wang, S.G. 2004). The World Bank calculated that the number was greater yet: between 1994 and 2006, its researchers found, employment in state and urban collective firms fell by 73 million, with the total of those at work beginning at 145 million in the earlier year and down to 72 million in the later one (The World Bank 2009, 39). This rising and, for the People's Republic, novel, joblessness and destitution did not go unaddressed: massive protests in the cities accompanied the expulsions (Hurst and O'Brien 2002; Chen 2000; Lee 2000). Official anxieties over the upheaval led to the institution of the Minimum Livelihood Guarantee as an official policy in 1999.

Back in the 1980s, the total of exceptionally destitute urban poor was below one million (Mo 2003, 39-40). By 1995, however, the National Bureau of Statistics announced that 12.4 million urban families were living in poverty (subsisting on less than 5,000 yuan per year or 416 yuan per month, around US\$1.50 per day<sup>2</sup>) (Wong 1998, 124; Wu, Webster, He and Liu 2010). But Linda Wong termed this "definitely an undercount." She reached this conclusion by adding in 10 million workers owed back wages, 1.5 million retired people whose pensions had been cut or stopped altogether and 5.2 million registered unemployed, along with their dependents. Accordingly, she argued, by 1995 there were some 30 million urban citizens (8.5 percent of the urban registered population) living in dire poverty (Wong 1998, 124). Similarly, in an internal journal, sociologist Li Peilin wrote that, "Up to 2002," he wrote, "there were 20 million urban citizens surviving on the *dibao*, with incomes between 150 and 300 yuan per month," 70 percent of whom (14 million) were laid-off staff and workers and other unemployed people (Li, P.L. 2003, 10).<sup>3</sup>

Even more remarkable, based on a 1998 National Bureau of Statistics sample of

17,000 households in 146 cities and 80 rural county seats, Athar Hussain found that if one were to use an expenditure, not income per head, the number of the poor would have more than doubled, from 14.7 million to 37.1 million by 2002. (Hussain 2003, 16; Tang 2004, 121; Woo, Li, Yue, Wu and Xu 2004; Ravallion n.d.).<sup>4</sup> Worse yet, Jiwei Qian and Ka Ho Mok estimated that 72 million city residents were poor in 2003, citing the World Bank (Qian and Mok 2016; The World Bank 2009). Relatedly, poverty scholar Peter Townsend remarked that had the poverty line been drawn “50 percent higher than the very stringent threshold in fact adopted, 20 percent or nearly 90 million urbanites” (perhaps--though he does not specify--including migrants, who are not eligible for the city *dibao*) could have been considered destitute in 1998. The figure would have been higher yet, he figured, if the costs of subsistence were used as the basis for the line (Townsend 2009, 250).

In 2009, World Bank researchers tripled the 2009 World Bank poverty line, then 1,124 yuan per person annually (93.66 yuan monthly). Even three times that line would still have amounted to just 281 yuan per month, then equal to about US\$1.17 per day. This, they reasoned, “The urban disadvantaged population (those with incomes below 281 yuan per month) [would have amounted to] about 34 to 72 million people in 2003, or 10 to 20 percent of the urban population” (World Bank 2009, 72). Additionally, while just three percent of the urban population had per capita incomes below 50 percent of the median income in 1988, that proportion rose to 12 percent in 2002 and then on to 15 percent in 2013; in 2013 twenty-one percent of city residents were surviving on an income beneath the national median (Gustaffson and Ding 2020, 243, 253, 262).

Most striking: in 2018, Li Zhengang, a researcher at the Chinese Academy of Social Sciences Social Policy Research Office, wrote that since the Eleventh Five Year Plan (2006-2010), the number of peasants living in extreme poverty had decreased, while numbers of urban residents in extreme poverty [*tekun ren yuan*, 特困人员], conversely, moved upward (Li, Z. G. 2019, 77-90; 374). These data strike a blow at the notion that, overall, indigence in China has dropped.

Moreover, the data lead to a second widespread misunderstanding: that the *dibao* was created as--as proclaimed--a program of social assistance. Before examining that notion, how do impoverished people subsist with the “relief” it provides?

### *Living in poverty with the dibao*

One 2007 study of 1,209 people in six cities found that just three to seven percent felt that the benefits they were receiving from the *dibao* covered their basic livelihood (Gao 2017, 63); another, in 2008, by wealthy Shanghai’s Bureau of Civil Affairs showed that, for as many as 82.5 percent of the 1,182 people living in the 400 *dibao* households covered by the survey, even essential necessities were unaffordable (H.M. Zhang 2016, 227). A third investigation, tapping the opinions of 2,550 working-age recipients in three cities in 2012, concluded that the allowance helped half the subjects meet a third of their total needs, while an additional 30 percent could afford less than half. (Gao 2017, 101).

The following quotations from deprived *dibaohu* [低保户 *dibao* households (recipients of the *dibao*)], even if from over a decade ago, can likely still approximate the situation many endure.

The first came from a typical, poor 37-year-old woman living in Chaoyang City in frigid northeast Liaoning (Q is Questioner; R for Respondent):

Q: How much are your monthly expenses?

R: Haven't calculated concretely, but we spend almost all that's earned.

Q: Including rice, noodles, grains, oil, salt, soy, and vinegar, plus daily necessities, like for washing-clothes powder, what do you spend?

R: A lot, each month we need a bag of rice and one of noodles, that's 150 yuan! [a yuan is a Chinese dollar, equal at the time to about US\$.12] oil, salt, etc., probably about 20 or 30 yuan, each month use two packs of laundry soap, several yuan.

Q: Do you normally eat meat; how many eggs/month?

R: Very rarely eat meat, just once last month, just over a *jin* [斤, a bit more than a pound], about 15 yuan, eat more eggs than meat, but mostly give the eggs to the kids, we eat them very little.

Q: Your rent?

R: 180 yuan, our *dibao* isn't even enough for that.

Q: When you cook what do you usually use?

R: We use coal.

Q: And how much do you spend on that per month?

R: Don't know exactly; we buy some coal and use it for two to three months, that's 400 or 500 yuan, so about 100 yuan per month.

Q: Do you have a subsidy for warmth?

R: We got it last year, but only 100 yuan; they said our one-story building gets only a small amount of coal; basically it's not enough, and don't know if we'll get it this year.

Q: Any other subsidies?

R: No.

Q: Water?

R: Seems we do, but I'm not clear.

Q: About how much help with school fees per month?

R: For the girl because she's in junior high, about 100-plus yuan per month; son is in primary school, each day he comes home for lunch, several ten yuan is enough; but the school always makes them pay for this and that, it's just arbitrarily collecting fees.

Q: About how much do you spend on medicine per month?

R: Usually he [her ill husband] doesn't take medicine, when it's unbearable he buys some pain medication, his mother continuously takes it; this is the biggest expense, in a month at least 60 or 70 yuan--and it's not even good medicine (Han 2012, 202-03).

Even in Xuanwu District, Beijing, where *dibao* allotments are higher than in other cities, a Ms. Li, aged 43, related her situation:

Q: What are your expenses?

R: Mainly it's medicine, how much do I spend on it each month? about 100-plus yuan, 200 yuan. We two get 690 yuan from the *dibao*, so about 490 is left, let's say 500 is left, but then we have to scoop out cash for rent, water fees, electrical fees, fuel, not mentioning other things; as to the phone--we don't dare use it--monthly limit is 20 yuan, So our daily expenses come to more than 100 yuan [per month].

You save a little water, in a home like ours you have to turn on the light or basically no way to entertain anyone (Han 2012, 79).

In interviews, respondent after respondent bemoaned his or her inability to manage medical costs, being driven into deeper poverty by trying, taking cheap and inferior medications, or simply not seeing doctors at all. Indeed, frequently encountered were households in which the chronically diseased or disabled lay prone on a bed day and night, bereft of any relief. In one home beset by medical problems, twin 19-year-old sons had had some media training but, without any connections, "basically can't find work that fits their specialty." To raise funds for their education, their mother explained, "I and their father worked day and night, a year ago. We both got so worn out we had to go to the hospital. But as soon as we got in we got right out; it was too expensive, there was nowhere we could afford to go." Children, too, are afflicted and perforce left medically unattended to. In one family, a 22-year-old son was born blind and had never worked, but, according to his father, had no way to acquire entree into a work unit for the disabled (probably, they had no personal connections).

*Dibao* regulations of 1999 to address such poverty—to bring the level of household income among the poverty-stricken up to a threshold line set in each city—are countered in implementation, whether by new pronouncements or by cadres' hidden motives. Once enrolled in the program, *dibaohu* have discovered that it offers much less than promised, marred by promised but frequently uncertain or absent additional benefits and subsidies, secret quotas, irrational exclusions, and onerous and seemingly haphazard prohibitions. Moreover, schemes and approaches that give out meager allowances are degrading, intrusive, stigmatizing, and humiliating, especially when, as in China, relief has been offered chiefly to muzzle the potentially unruly plaints of the poor.

Perhaps without actively meaning to mold their situation thusly, the state has dealt with these *dibaohu* in a manner that maintains them and their children either sickly and therefore off the streets or else insufficiently schooled to advance in society, out of work and eating too little to grow strong. Those able to improve their prospects by providing extra education for their children or by using computers, or to brighten their existence by communicating on cell phones, become for these reasons ineligible. So rather than assisting the poor to throw off poverty, the *dibao* forges a sizable, unaccustomed, if mostly invisible, urban underclass.

Are there ways for these people to help themselves? Why don't they look for work? But the labor market is far from capable of generating the multitude of positions needed: "Around here, my god, there are nearly 200 *dibao* households; each one has three people, so that's about 600 people. If we count 400 adults, maybe 100 of them might have labor ability. Where would we have that many positions to let them labor?" vainly asked a street-level cadre in Xuanwu District, Beijing (Han 2012, 332-33). Or why not appeal to their families for assistance?

A Mr. Li, aged 42, in Chongqing, offered one persuasive explanation why he was reluctant to look for work: "If you go out this month, they'll stop your *dibao*; next month there might be no odd jobs and you've lost your *dibao*. Then you have to wait four months to reapply for it. You're better off not working. I tried working for those four months and earned 500 yuan; that's 840 yuan of funds from the *dibao* that I lost" (Han 2012, 410-11).

Then, given the Chinese tradition of strong intra-familial support, the expectation would be that the poor should be able to rely on family members' financial aid (Cohen 1970). But a common story is this: in those massive layoffs, many from the same city--often the same family--had been employees in the same enterprise, and had all lost their jobs together. Besides, the irregularities and precariousness of the informal labor market--usually the only arena in which anyone of their ilk can find work, if any--leaves those fortunate to land a job earning too little to share their wages.

Informants advanced a number of reasons, some cropping up repeatedly, why they could not count on family: A Mr. Huang, aged 51, a father of two in Wuhan, forlornly disclosed that, "No relatives or friends help because we're too poor so they don't want to get close; everyone would rather get close to people with money" (Interview, August 2008). A 42-year-old Wuhan woman acknowledged that her relatives were "all taking care of their own difficulties, so I can't ask them for any help" (Interview, August 2, 2011).

In slightly better shape was a divorced Ms. Hong, age 50, living with her two grown children (ages 26 and 18) in Shashi, Hubei. Her relatives were giving some material help, but usually just occasional fruits and cakes or new clothes for the children--but only at New Year's. Otherwise, extended family might supply what she termed "spiritual assistance," such as tutoring the young (Interview, August 28, 2008). A Jingzhou, Hubei couple, both spouses aged 58, did benefit from a bit of generosity from the husband's younger brother, who provided 300 yuan, again, however, just annually, at New Year's (Interview, August 28, 2008).

Several families with adult sons fared worse. In Qianjiang, a couple had three sons--aged 34, 30, and 41--all living away, in Guangzhou, Qingdao, and Jinmen, Hubei, respectively, all laid off and sent no money home, needing it for themselves. One relation, an uncle, had once lent some money, but they had been obliged to pay it back (Interview July 6, 2010). A man with a disabled leg and a deaf and dumb wife, both in their early 60s, were living in Xiantao, Hubei. But their two sons had gone off to Dalian and Qingdao in search of work. Neither sent any money back home, nor did they ever return; the parents were even "not too clear what [their] sons were doing." No other relatives helped, since "each has his own hardship" (Interview, July 8, 2010).

### **Social assistance?**

These miserable stories raise the question: should the *dibao* be viewed as "social assistance"? This query is best addressed definitionally and comparatively. First, perhaps most centrally, "social assistance" has been authoritatively defined by Armando Barrientos, a major student of indigence, as "anti-poverty transfer programs" that "provide direct transfers of cash and/or goods in kind to individuals or households experiencing poverty or vulnerability, *with the aim of facilitating their permanent exit from poverty*" (Barrientos 2013, 3). Alternatively but similarly, Qin Gao and her co-authors define the related term, "safety net programs," as schemes "designed to target those most in need and alleviate extreme poverty ... [which] focus only on a small proportion of the population who are *unable to earn a sufficient living* and would fall below the minimum livelihood level if without the social safety net" (Gao, Yang, and Li 2015, 30). [Emphases added]

That the *dibao* was initially designed to placate and pacify laid-off workers--the great majority of whom were *able to earn a sufficient living*, and not to *facilitate a permanent exit from poverty*--suggests that this policy should *not* be seen as social assistance, as defined above. Two quotations make this point: One Chinese scholar told me, "The *dibao* is not a *tuopin* [脱贫 throw off, or escape

from, poverty] strategy, it's just to maintain livelihood" (Interview, July 26, 2009, Wuhan; also, interview with official at Ministry of Civil Affairs, July 28, 2009, Beijing); and, in mid-2011, years after the program was installed, a provincial-level, civil affairs official in Shaanxi province who had been managing the program for ten years--almost from its inception--disclosed that the majority of *dibao* recipients in his province remained laid-off workers. "The purpose of the *dibao* is to cover the *xiagang*" [下岗, laid-off], he averred (Interview, July 27, 2011, Xian).

Besides appealing to standard definitions, I use two comparative approaches to reject the allegation that the *dibao* constitutes social assistance, both entailing pitting it against other ventures of the same name. First I devised three abstract, ideal-typical goals that drive politicians to allocate welfare. I then took these goals or motives--that explicitly or implicitly guide rulers to succor the needy--as the foundation for three welfare program models, namely, "productivist," "partisan" and "pacifying/policing," respectively. In determining where individual states belong within this scheme, I relied on specialists' judgments whose assessments were based upon the countries' leaders' policies, behaviors, and statements.

My second approach was to draw on relevant statistics to assess the level of official generosity--as, government spending, proportion of the populations served--programs provide to gauge how Chinese authorities manage their program of relief as against how officials in other states have done. The places I considered were: China's East Asian neighbors, plus India in South Asia; Latin American countries, especially Mexico and Brazil; African states, and "developing countries" generally; some East European nations and the region as a whole; and European Union (EU) and Organization for Economic Cooperation and Development members (OECD).

### *Three welfare models*

I begin by proposing that states--that is, the politicians at their helms--aspire to attain and maintain their citizens' views that their governance is legitimate (Aspalter 2006, 290; Dickson, Landry, Shen, and Yan 2016). I suggest that a principal means of doing this is by--at least--*appearing to* protect their citizens. Accordingly, I propose that a basic impetus behind rulers' granting welfare is to convince the ruled that its mode of exercising power--its political system or its regime--is appropriate, justifiable, and acceptable. Thus, supplying assistance to the needy is, at the most basic level, done to engender a belief that the regime rightly commands loyalty and obedience, the bastions of legitimacy, at least among some substantial segment of the populace (Chan 2010; Wong, Chen, and Zeng 2014, 334). On this point, as trials of the *dibao* program were underway in 1995, then-Minister of Civil Affairs Doje Cering explained to a *People's Daily* reporter that one of three reasons China needed this policy was to bolster the legitimacy of the government and the party. For it would allow the leaders to demonstrate that the state was responsive to its citizens' condition, while also displaying the superiority of China's socialist system (Pan 2020, 34, quoting *Renmin ribao*, September 14, 1995).

The share of a state's legitimacy to be derived from welfare transfers is rooted in disparate values in different states. I understand these values as ideal-typical goods: first, a state's ability to foster economic growth and the national power, domestically and externally, that growth bestows. States where the value of economic accomplishment overrides all other state objectives, including welfare for its own sake, are generally termed *productivist*. Although funds may ostensibly be transmitted to build up "human capital" in such states--through investments in education and health--that expenditure is more fundamentally meant to serve the state and its strength; its largesse, such as it



may be, also is often directed toward those already poised to succeed. This was so in East Asian and Latin American nations prior to 1990, where much welfare was targeted just at formal-sector employees in state firms and government offices, often termed “insiders” (Haggard and Kaufman 2008, 4). Christian Aspalter has called investment of this kind “part of the strategy of nation building” (Aspalter 2006, 291).

A second value driving leaders to fund social welfare is their own political advantage, i.e., using allowances as patronage for obtaining electoral support. These elections provide legitimacy, and welfare is given to secure votes. I refer to this usage as *partisan*. Scholars have often attributed this motive to Latin American politicians (especially in Mexico) and Indian ones. And the third ideal-typical value, and, thus, role for relief, is to secure domestic peace, order, and stability, lest those left without sufficient means to survive create disturbances and fuel opposition to the regime, thereby diminishing its legitimacy. This giving I characterize as *pacifying/policing*, which has been the impetus for the Chinese regime’s provision of the *dibao* (Solinger 2010; Oan; Segura-Ubiergo 2007, 260).

Some scholars allege that this motive lies behind the U.S. authorities’ disbursement of benefits as well (Piven and Cloward 1993; Soss, Fording and Schram 2011; Katz 2013; Wacquant 2009). Chinese administrators and policymakers both explicitly instituted, assess the success of, and defend the *dibao* largely in light of its role in quieting social disorder: Patricia Thornton contends that the Communist Party handles those on the “lower rungs” of society with surveillance and “preemptive cum coercive strategies of control” (Thornton 2017, 260-61, 270, 273).

Under all three of my rubrics funds or goods are, admittedly, allocated to people in distress, regardless of the giving government’s deeper political purpose, and therefore on that basis alone might qualify as “social assistance” (but not according to the definitions above). But the level of generosity of the allowance is also relevant, as measured by the total amount bestowed as a percentage of the state’s gross domestic product (GDP) and/or of governmental expenditures; and also by the allocation’s percentage of national (or local) average per capita income and/or of national (or local) average wage. If one or more of these percentages is notably small compared with those in other states, one could debate whether the subsidy ought genuinely to be viewed as social assistance, as defined above, by Barrientos.

Programs having either a productivist or a pacifying/policing (like China’s) bent tend to be notably stingier than partisan ones. This is apparent in the productivist East Asian reliance on private spending. Another uncharitable dimension of such programs is that, besides being directed to regime “insiders,” they frequently target just those incapable of working, excluding the able-bodied poor, as China’s *dibao* did increasingly after about 2009. I go on to use statistical comparisons to assess China’s *dibao*’s level of beneficence.

#### *China’s dibao ranked comparatively*

According to research by Martin Ravallion, as of 2004, when the *dibao* existed only in the cities and about 22 million people were receiving it, 7.7 percent of the Chinese urban-registered population was technically eligible for it, i.e., lived in households where the per capita income was below a locally-set threshold, as regulations about it demand. But only 28.6 percent of these people were getting the *dibao*, such that a tiny 2.2 percent of the city-officially-registered population was

appropriately receiving the funds. Also, while 3.9 percent of the urban population were recipients of the *dibao* nationwide that year, as many as 43 percent of these beneficiaries were not eligible for it (Gao and Zhai 2017).<sup>3</sup> The situation had improved by 2007, when 39 percent of the *dibao*-eligible poor were benefiting from the program (Ravallion, n.d.; Zhang and Tang, 2008, 60-61).<sup>4</sup> But by 2018, just 46.19 million people (both urban and rural) were being granted the funds, or 3.3 percent of the nation's population that year (<http://mca.gov.cn>).

In Mexico, by contrast, where partisan motives were in play, 40 percent of the rural population and about 11 percent of the total population were targets of the PROGRESA (a scheme of conditional cash transfers, the Programa de Educacion, Salud y Alimentacion (Program for Education, Health and Nutrition)) (Dion 2010, 201). By 2004, under a new name, Oportunidades, this policy had reached 24 million people, accounting for as much as 22 percent of the entire Mexican people (Hanlon, Barrientos and Hulme 2010, 40). Of course it is possible that in Mexico a higher percentage of the populace was poor compared to in China. But still, China was definitely less generous. In the OECD member countries, there was quite a range: in 1992, just 0.7 percent of the people in Greece were bestowed benefits, but in partisan New Zealand 25 percent of the population was getting aid (Gao, Yoo, Yang, and Zhai 2011, 114).

Looking at another measure, Gao and her collaborators write that in the first quarter of 2008, the national average *dibao* threshold (or poverty) line amounted to just 17 percent of average per capita disposable income in urban China (Gao et al. 2011, 116)<sup>5</sup>, a substantial decline from 2002, when the average was 22 percent in cities nationwide and as high as 28 percent among twenty-one major cities. The figure dropped to 16 percent in cities in 2010 (Gustafsson and Gang 2013, 304; Tang and Xiu 2011, 212-13), and then to just 15 percent by 2017 (*Zhongguo minzheng tongji nianjian* 2018).<sup>6</sup>

Too, between 2007 and 2011, the norm's average increase rate per annum was over 7.5 percent less than the average rate of the increase in the consumer price index (Tang 2013, 215). In 2010, the average growth rate of the norm was "obviously lower than the rate of increase of per capita GDP, that of the average wage, and that of per capita financial income and expenditure across various provinces and cities," two Chinese scholars report (Xiang and Zhao 2018, 44). Nations in the European Union, governed by the partisan model, "generally" had a social assistance norm of 50 to 60 percent of per capita income (Tang and Xiu, 2011, 213). Also well above China's after 2005 or those distributed in the U.S., Mexico's cash grants amounted to 27 percent of the average household income of the rural poor and 20 percent of the urban poor's (Hanlon, Barrientos and Hulme 2010, 41), where, again, partisanship influenced the outlays.

Relatedly, Asian Development Bank data note that China's spending on social assistance for both the urban and rural *dibao* combined amounted to a mere 0.25 percent of GDP in 2009, whereas the average among other developing countries was much higher, at 1.6 percent (Gao 2017, 39). In East Asia, Japan spent .21 percent of its GDP on family cash benefits in 1995 (Schoppa 2006, 46), before

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<sup>3</sup> In 2014, just 2.5 percent of the urban population was getting the allowance, according to Gao and Zhai.

<sup>4</sup> Zhang and Tang write that the World Bank and China's National Statistics Bureau found that recipients accounted for about one third of the deserving poor. But in a sample from seven extra-large cities, just 12 percent of those who should have been given allowances got them.

<sup>5</sup> But Chan 2010, 641 quotes Tang and Zhang as finding that in 2004-05 in 36 cities the actual benefit distributed to recipients was just 9.2 percent of the average per capita monthly income.

<sup>6</sup> The Civil Affairs yearbook for 2017 has just under 18 percent for that year.

the formal institution of the *dibao* nationally. As Japan's economy stagnated, however, the economic downturn led the government to tighten eligibility and decrease its allowance level; the numbers of recipients saw a decline as well. (Miura 2012, 32, 51). For Korea, one observer noted that in 2018 the ratio of social welfare spending to GDP was just half the average among OECD countries (You 2019, 57); another reported that in 2012 social expenditure in total in Korea was only about 39 percent of the average among OECD nations (Yang 2013, 458). One could surmise that a productivist heritage, married to economic troubles, accounted for Japan's and Korea's lower levels of generosity then. Many more cases could be cited.

This comparative exercise is by no means rigorous; if anything, it is impressionistic. The goal was simply to grapple with the nature of China's *dibao* by examining it comparatively. But the material here substantiates my assertion that China's *dibao* should not be considered true social assistance. For the *dibao* seems really not to be an anti-poverty program that has "the aim of facilitating the permanent exit from poverty" of the indigent population it purports to aid (Barrientos 2013, 3).

Besides, it has had as its chief purpose ensuring stability (at first, by shutting up protesting retrenched workers), which was not related to the generic issue--pure poverty--that social assistance as public policy should address. So, as a program that uses welfare to police and pacify its recipients, the *dibao* belongs among countries employing the ideal type least likely to achieve the goal that social assistance is instituted to attain, i.e., helping recipients escape from poverty. Thus, neither in terms of its target nor in relation to its objective, the *dibao* should properly not be cast as "social assistance," as usually understood.

After the dismissed workers became silent, numbers of *dibao* recipients slowly but surely dropped off, to a rather alarming degree. What was the official explanation for this diminution, and how accurate was it?

### **Did the numbers of *dibao* recipients drop drastically because beneficiaries no longer needed it?**

Cutbacks amounted to a drastic reduction in the numbers of recipients, as well as heightened stinginess in admitting new applicants: Almost a full two-thirds (i.e., 14.9 million) of the beneficiaries supported at the peak (in 2009, then 23.5 million) had disappeared from the rolls within a decade, resulting in a mere 8.6 million beneficiaries left in the cities by 2019.<sup>7</sup> So did this decrease occur because the discarded laborers had aged and got pensions that substituted for the *dibao*, as publicly claimed?

After 2014, when numbers began to slide severely, officials and scholars insisted that the reason was that once-laid-off workers had become able to survive without the *dibao* because of having received their pensions (Li Z.G. 2019, 80, 90). The allegation was that these individuals got pensions so long as they had paid their annual premium fees into their enterprises' funds for the requisite 15 years.<sup>5</sup> Thus, receiving a pension between 2009 and 2019—the decade that saw the purge of *dibaohu*--supposedly boosted laid-off workers' incomes, rendering them ineligible for the *dibao*. The other answer advanced was that someone in the recipient's household had managed to find employment. But in fact, as circumstantial evidence suggests, it is likely that hordes of workers dismissed from their units never saw a pension; nor did they or a family member manage to land a "job," properly speaking

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<sup>7</sup> Rural figures also fell, starting in 2014, from a maximum of 53.8 million takers in 2013 to 34.6 million in 2019.

Another sign of the waning significance for decision-makers was a big change in the relative value of the *dibao*. In 1998, the average *dibao* norm nationally equaled 20.5 percent of the mean wage in the largest cities. But by 2007 that proportion had sunk by a full 50 percentage points, down to 10.3 percent. Even in 2011, the year in which the total number of *dibao* recipients (urban and rural combined) reached its all-time high, at 75.86 million, the norm amounted to a tiny 7.8 percent of the mean wage in urban state firms.<sup>6</sup>

One more calculation reveals that the *dibao* must have attenuated in import for budget writers: In 2007, urban *dibao* expenditures accounted for .10 percent of GDP, rising in 2008, but up to just .12 percent (during the financial crisis). One could argue that GDP was rising, along with average incomes—which they both indeed were—such that the *face value* of the allowances did rise. But despite that growth (and thus the state’s expanding financial capacity to assist the poor), the government’s expenditure on the urban *dibao* as a percentage of GDP remained tiny: by 2018, it had fallen to .06 percent. This exercise draws attention not to absolute figures but rather to how *relative* allocations were selected by budgeters. It would seem that provisioning the urban poor (which genuine social assistance would have taken as its mission)—if ever a cause—progressively dropped in weight to central politicians once these people were no longer bothersome to the regime.

#### *Obtained a pension?*

So does my evidence imply that pensions were to be had for older *dibaohu*? Firms suffering severe losses or going bankrupt were rampant. Tang Jun, then directing a research center at the Chinese Academy of Social Sciences, averred that, in addition to loss-making firms, untold numbers of already bankrupted enterprises in heavily industrialized regions were unable to provide pensions for their retirees in those years (email, February 21, 2019). A 2014 source notes, “Since 2000, more than 74,000 enterprises have defaulted on their pension contribution” (Li B. Q. 2014, 289); as two researchers explained, “Payments to retirees...are only as reliable as a given firm’s finances and are not backed by the state” (Hurst and O’Brien 2002, 348). Similarly, a functionary in the training center of a district-run labor market admitted: “If an enterprise no longer exists, its staff will be listed as unemployed” [meaning no recompense and, of course, no pension, would be coming to them], even if the firm had been state-owned (Interview. September 7, 1999).

Research casts doubt on whether pension receipt or new jobs might have pushed *dibao* beneficiaries over the eligibility threshold for the allowance. One nationwide study found that those who “should have” gotten pensions were usually at best granted less than they should have been, or else their pensions remained in arrears (Easterlin, Wang and Wang 2017, 63). Most persuasively, a 2013-15 survey of 16,000 households depending on the *dibao* in five provinces reached this important conclusion: “The increase in the number of new urban pension recipients has not been sufficient to fully explain the decline in *dibao* coverage (Westmore 2017, 8). These pieces—and many more like them—constitute serious challenges to assertions that pension acquisition occurred on anything like a significant scale among the *dibaohu*.

Additionally, in my street interviews in the late 1990s and early 2000s with multitudes of former employees who were subsisting in severe chaos and misery, I encountered a common expression: the subject’s factory had “collapsed or failed totally [*kuale*, 垮了].” In a typical case, two men who had held jobs at Wuhan’s state-owned Number One Shoe Factory, both laid off in 1990, alleged in 2000 that 80 percent of the 200 to 300 people who had been their co-workers had received no money at all in 10 years of unemployment (Interview, September 16, 2000, Wuhan). Speaking of his past

employer, another retrenched worker charged, “*Ta buguan ni; ni yao zhao ren, zhaobudao*” (他不管你; 你要找人, 找不到, they don’t take care of you, if you look for anyone [for help] they can’t be found).” An equally unforgettable once-worker, turned-petty-street salesman told of his wife, once employed at an electrical appliances firm that had disappeared, but somehow was dispensing funds to former employees. The sum was so tiny--a piddling 100 yuan per month--that, he related sarcastically, “she can use it to buy some toilet paper” (Interviews, September 12, 2000, Wuhan night market).

Such data--and much more--constitute serious challenges to assertions that pension acquisition occurred on a significant scale among the *dibaohu*. The bottom line seemed to be, as one Wuhan subject told me, “If the enterprise is gone, [no one takes over and] its workers will “be pushed out to society” (Street interview, September 4, 1999, Wuhan). This harsh appraisal meant that such individuals were simply abandoned and left entirely to their own devices, both when they were first laid off and into the future as well, in an incipient market environment for which they had no experience and no qualifications.

#### *New employment?*

##### Adults

So, if, as I argue, pensions did not supplant the *dibao* for the multitudes of potential recipients and removed-from-the-rolls past beneficiaries, might income from new employment have boosted household income such that it exceeded the *dibao* eligibility threshold? Direct relevant data is missing. But demographic and interview material is helpful, some about adults, some about their children.

As for the adults: 2014 statistics from the Ministry of Civil Affairs show that, of the 63 percent of the *dibaohu* then still of working age, a mere *two percent* had either part or full-time employment (Gao, Zhai, Yang and Li 2014, 220; Gao, Wu, and Zhai 2015, 868). At the same time, another 23 percent were in unstable, irregular, temporary jobs, which would have provided low wages and no benefits. Another 38 percent were unemployed, 21 percent unregistered and 17 percent registered (Han 2012, 40). Such evidence greatly undermines a claim that dismissed *dibaohu* families had managed to sustain their livelihood by acquiring employment after 2009.

##### New Jobs for Children?

Unfortunately there is no quantitative information pertinent to offspring’s employment publicly available, to my knowledge. Consequently, I look at what education has been like for the children of the laid-off, as this should have some bearing on these young people’s ability to land a position. First of all, even when a 2006 amendment to the Compulsory Education Law<sup>7</sup> reduced or eliminated basic school fees for the first nine, mandatory years, superior, or even adequate, schooling was out of reach for the poor. So was switching from one’s inferior neighborhood school to a better one at any level, for this invariably demanded a hefty fee. Moreover, beyond basic costs, fees mounted as the student progressed to higher grades, with senior high no longer cost-free as it had been in the past. So the offspring of the poor have languished in substandard local schools, later unable to advance in the face of new and fierce educational competition (Personal observations and Dang and Ci 2008).

Interviews in Wuhan in 2007 bear out the plight of the poor in education. One mother, her husband serving a sentence in labor reform, had become resigned to her son's having dropped out of school: "He's 16, after finishing junior high he discontinued his studies, staying home. There's no money for him to go on." Or take the words of 50-year-old Mr. Wang, also in Beijing, mulling over his 13-year-old daughter's schooling:

[Besides the subsidy of 200 yuan per month that we get], still have to buy books, tutoring materials, uniform...usually there's unscheduled expenses. Sometimes they say, "Tomorrow there's an activity, must participate, pay 40, 50, 60 yuan," so we have to take it out of our livelihood expenses (Han 2012, 122).

So the poor neighborhood schools these students are compelled to attend and the lack of money in the household for the accoutrements of a normal education--while competition is intense and their peers with employed parents can easily far outshine them--plus the high, prohibitive costs of secondary and tertiary schooling—surely raise questions about the likelihood of these *xiagang* [下岗, laid off]'s youngsters having landed lucrative jobs.

Given all these considerations, it seems safe to conclude the following: neither the receipt of pensions, nor the achievement of well-paid employment—the two justifications often put forward in recent years for the *dibao* cutbacks-- accounts for the truly massive cuts in the numbers of *dibao* beneficiaries over the decade 2009 to 2019. We need instead to attribute this outcome chiefly to major switches in policy once laid-off workers became quiescent, such that, following the year 2009, the program was shifted away from protesting past-proletarians. This alteration exposes the *dibao* to my charge that it should not be counted as "social assistance" for the poor, unless they are fully desperate—that is, the disabled, the aged with no recourse, and orphans.

### Conclusion

The bottom line is simply this: At the end of the 1990s, China's leaders determined it was time to plunge their country's economy into the world market. They reasoned that "older" workers who—for lack of adequate education and training (due to the Cultural Revolution)—could not compete with labor in modern nations. And so they prescribed that such laborers should be shucked from the factory floors. The result was, at first, a spate of tumult in the streets, as dismissed personnel attempted to restore some of their lost livelihood and protested vociferously.

The official remedy that these politicians devised—a spuriously designated program of so-called "social assistance"--was so minimal as to render--and keep--these people and their offspring impoverished and cast aside, with little or no recourse. Too, after some years of peace on the avenues<sup>8</sup>, the *dibao*--the palliative meant to calm down protests--was removed from two-thirds of its one-time beneficiaries, with the alibi that the former recipients had aged sufficiently to obtain a pension—which, it seems—most of them did not. The upshot has been the production of impoverished millions in the cities, a subject that to date has garnered little notice.

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### Notes

<sup>1</sup> The claim is that over 700 million were "delivered."

<sup>2</sup> This comparison ignores the far higher cost of living in the U.S. and thus the purchasing power capacity

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of a given amount of dollars.

<sup>2</sup> This article reports that at the end of 1998, over 80 percent of state and collective firms at the level of the county and below had experienced enterprise restructuring.

<sup>3</sup> Li Peilin, "Quanmian jianshe xiaokang shehui de sige guanjian wenti" [4 key issues in completely establishing a well-off society], *Lingdao canyue* (LC) [Leadership consultations], no. 10 (2003), (April 5, 2003), 10.

<sup>4</sup> It is not clear whether migrants are included but the Ministry of Statistics would not have counted them.

<sup>5</sup> Interviews with head of a community *dibao* program, Wuhan, June 26, 2013; a Ministry of Civil Affairs official, October 9, 2014, Beijing; and Liu Yuanwen, Deputy Director of the Department of Trade Union Study at the China Institute of Labor Relations with Professor Lin Yanting, Department of Labor Relations, Chinese Institute of Industrial Relations, Beijing, October 10, 2014; emails from Han Keqing, November 23, 2017; Randong Yuan, January 25 and 31, 2019; William Hurst, February 18, 2019; Tang Jun, February 21, 2019; and Feng Chen, March 26, 2019.

<sup>6</sup> Calculated from various editions of the *Zhongguo tongji nianjian* [China statistical yearbook].

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The following journal titles are abbreviated, as below:

AS	<i>Asian Survey</i>
CER	<i>China Economic Review</i>
CJ	<i>China Journal</i>
CJSW	<i>China Journal of Social Welfare</i>
CP	<i>Comparative Politics</i>
CQ	<i>China Quarterly</i>
CR	<i>China Review</i>
IJSW	<i>International Journal of Social Welfare</i>
NYT	<i>New York Times</i>
SIR	<i>Social Indicators Research</i>
ZGLD	<i>Zhongguo laodong (Chinese Labor)</i>

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Ausfd vthor bio

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