

**When Central Orders and Promotion Criteria Conflict:  
Implementation Decisions on the Destitute in Poor vs. Prosperous Cities**

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The 1999 relief plan for [the *dibao*]—originally designed to assist all of the urban poor—changed by the mid-2000s, emphasizing employment, not handouts, for the able-bodied impecunious. Also, the center ordered, cities should subsidize just the most ill and needy. We find that only some Chinese cities—the less well-endowed and politically less prominent—responded to this shift by cutting back their percentage of merely unemployed recipients and increasing the percentage of the truly needy among their *dibao* beneficiaries. We suggest that two factors could account for this disparity: Politicians in wealthier cities have greater *autonomy*; and they are closer to fulfilling a momentous career goal: stepping up to a post in the central government, thus more *ambitious*. It could be that in prosperous cities—where politicians have control over their budgets and where their trajectories have already positioned them near the peak of the mobility channel—leaders choose to keep the unemployed from protesting by continuing their allowances. This suggests that when two central concerns (redirecting the *dibao*, social stability) collide, officials in richer cities make different choices than do those in poorer cities.

Keywords: poverty, unemployment, social assistance, policy implementation, promotion criteria, urban

Bio Statements

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The past two decades have seen researchers turn renewed attention to “local”-level policy implementation.<sup>2</sup> Their *focus* has been variable, but often has been the implementation of economic reform practices, and the large issue of whether or not cadres in the communities complied with new programs decreed in Beijing. Moreover, the *locus* of investigation has been either all localities at a certain level nationwide, the rural areas, or individual counties or villages. The nature of incentives that motivate the agents is always a principal concern. Few if any studies take cities as their target; few if any examine a particular directive (as distinct from a major reform program, such as that on agricultural taxes) and its shift over time; and none has investigated what happens when a new policy forces officials to make a choice between acceding to that initiative versus honoring a crucial performance target, such as social stability.

In this paper we take up these unexplored aspects of policy execution at sub-central echelons. We study how urban administrators responded to a new twist in urban social assistance over the past decade. The 1990s relief plan for the urban poor (the *zuidi shenghuo baozhang* [最低生活保障], for short, the *dibao*, or Minimum Livelihood Guarantee)—originally designed to assist all of the urban indigent (everyone, that is, whose income fell below a locally-determined poverty line)—changed by the mid-2000s: it grew more unfriendly to funding the fit and the firm. As a culmination of a trend begun years before, in 2012 the central government urged localities to take the diseased and disabled, the totally destitute and the deserted, in short, the recipients of the former “three-withouts” policy, as the “keypoint” of assistance (Guowuyuan, 2012). At the same time, its emphasis changed to urging the arrangement of employment, not the offer of handouts, for the able-bodied impecunious.

The changed priority, which amounts to a call to *cut off* people who are capable of work but merely unemployed, could surely threaten instability. As Mun Young Cho has written in her thorough study of the urban poor in a heavily *dibao*-dispensing region of Heilongjiang: “If any trouble occurs in the process of authorizing a *dibao* recipient—for example, if a resident visits the district or city government to complain about an unfair screening process--..these local officials may find themselves deposed” (Cho, 2013: 86).

Our data, using an admittedly limited sample of 76 cities, demonstrate that some but not all cities behaved in accord with this changed central preference, that is, they *decreased* the proportion of the able-bodied among their total *dibao* recipients after the middle of the 2000s. But, given the logic that denying *dibao* could feed disorder, it appears that decision makers in other cities seem—by *increasing* the percentage of healthy, unemployed people among their municipality’s total number of *dibao* recipients--to have paid more attention to the issue of “stability,” lately labeled “the main priority of local governments,” than they have paid to the new official command (Xu and Li, 2011). These two courses of action in the urban handling of assistance allowances would seem to be contradictory.

In this paper, which we characterize not as definitive, but as a heuristic probe into this phenomenon, we suggest a possible way of making sense of the discrepancy between two responses to Beijing’s new ruling. That is, our data indicate that the less well-endowed and politically less prominent municipalities did cut back on their percentage of able but unemployed recipients and increased that of the truly needy among all their *dibao* beneficiaries, while more well-off cities did the reverse. We suggest that two factors could account for this disparity: Politicians in wealthier cities have greater *decisional autonomy*; and they are closer to *fulfilling a*

*momentous career goal*, that is, being invited to step up to a post in the central government.

## **Literature review**

Much research over the past 10 years has entailed analyses of factors driving the execution of official initiatives at lower administrative echelons. None of it, however, asks why some cities respond positively to a particular prod from Beijing while others ignore it; nor does any study attempt to classify the cities that obey and those that do not according to a binary principle. Nor do they deal with instances in which observing one charge from the center risks disobeying another.

Most of the pieces published in the past decade have focused either on fiscal issues, such as the effort to carry out tax reform measures (Göbel, 2011; Hsu, 2004; Li, 2007); on the provision of and amount of expenditures for public goods undertaken in a locality ( Tsai, 2007; Kung, Cai and Sun, 2009); or on particular programs, such as the fulfilment of environmental policy (Eaton and Kostka, 2014), or of enhancing energy efficiency (Kostka and Hobbes, 2012).

The primary question in these works is usually *how*, but not *whether or not*, centrally-mandated orders are met. Thus research has been geared to uncovering the kind of incentives that drive subnational officials' actions in policy implementation. This has meant that central control over personnel, through its placement, promotion and removal of officials, has taken pride of place (Huang, 1996; Landry, 2008; Sheng, 2010).<sup>3</sup>

At more basic levels of rule, issues such from cadre turnover and length of time in a post (Eaton and Kostka, 2014); the variable use of policy instruments—such as competition versus hierarchical power—in different localities (Göbel, 2009);

an atmosphere favoring experimentation (Heilmann, 2008); the necessity of winning cooperation from those with “significant local political influence” (Kostka and Hobbes, 2012); salaries, elections, and solidary groups (Kung, Cai and Sun, 2009; Tsai, 2007); and finally the cultivation of local networks (Smith, 2009) have all been demonstrated to prod or further cadres’ conformity with what Beijing has enjoined.

But beyond the simple performance of a policy’s dictates, how do officials decide which among an array of policies to pursue? Kevin O’Brien and Lianjiang Li were the first to discover that, generally, local politicians pick between policies that “must be implemented and those they can safely ignore,” showing that the cadre management system “leads to selective policy implementation.” Their conclusion was that whether administrators carry out orders has to do with *policy* type—but not with *locality* type: “readily measurable policies” achieve more compliance than do those “for which success or failure cannot be assessed without increased popular input” (O’Brien and Li, 1999: 167, 180, 181)). What they do not address is why there might be differences among places in how they make this choice, what could account for such dissimilarity, and what leaders do when they perceive a head-on collision among policies.<sup>4</sup>

Going on to reveal what drives the selection of initiatives for officials as a whole (again, without attention to local variation), Susan Whiting and Maria Edin took O’Brien and Li’s work one step further, each independently writing that central programs are of two types—critical (“hard” targets) and the less significant, “soft” ones. Above and beyond these two categories, there are also “priority targets with veto power” *yipiao foujue* 一票否决 [literally the one-ticket veto]. Lower-level cadres are evaluated, and, usually promoted or demoted by how well they fulfil these

performance criteria (*kaohe zhibiao* 考核指标). According to Edin, “priority targets with veto power” (one of which is social order) are the most pivotal for lower-echelon officials ambitious about upward mobility; “veto power implies that if [such] leaders fail to attain these targets, this would cancel out all other work performance, however successful, in the comprehensive evaluation [done of them] at the end of the year,” she recorded (Edin, 2003: 39, 40; Whiting, 2001: 100-17). These studies generalize about the conduct of cadres at the grass roots as a group.

## **Introduction**

Departing somewhat from this earlier research, our research suggests that cities may vary systematically within the same policy realm, with the variation correlating with a city’s prosperity. We present a situation in which obedience to the center’s preference to *stop* succoring the sturdy—an option, we find, that was honored by poorer places--could mean a direct clash with a crucial career-determining injunction to keep the peace. For, should the work-able protest their benefit’s retraction, an official could find disorder mounting in his/her city—or, at the least, is likely to fear that it could do so. Indeed, there is evidence that local officials do worry about dis-entitling such people, who in fact are often cantankerous. Wealthier cities, whose leaders quite possibly are worried about such disturbances, seem to have chosen to *go on assisting the unemployed*—even healthy ones--in their cities, despite this changed preference from above. This kind of direct conflict among alternative commands, along with differences among cities in how they handle it, has not yet been addressed.

We found that, counter-intuitively, during the years 2007-2010 some cities (mostly poorer ones) saw their official unemployment rate *rise*, but subsequently

nonetheless—in accord with central policy--*reduced the percentage of unemployed people* among all their *dibao* recipients (between 2009 and 2012) (see Table 1, Cell B; Appendix E lists such cities). At the same time, other, generally wealthier, cities whose unemployment rate *dropped* over the same three-year period (perhaps because their economy was prospering, thus providing more jobs<sup>5</sup>), however, *increased the percentage of unemployed people* among the city's total *dibao* beneficiaries thereafter (Table 1, Cell C; Appendix F lists these cities).<sup>6</sup> On the surface of it, it would appear that both sets of cities behaved not only in opposite ways, but also counter-intuitively.

We see these figures as presenting a puzzle, and ask how this behavior can be understood. The general problem is this: What is an agent (a local urban official) to do when its principal (the central government) confronts him/her with conflicting commands; too, why did various agents (in different cities) react differentially to this dilemma? This essay is an interpretative exercise, informed by statistical calculations with regard to one policy realm, rather than one that claims to be rigorously or broadly predictive.

The conclusion we draw is that, in this policy realm, acquiescence to the center's wishes was not simply a matter of the softness, hardness or veto-connected nature of the order itself or of the policy realm it concerned. Among the considerations we examined, the factor that emerged as best able to explain the diversity in urban administrators' actions was the *wealth of a city*: Wealthier cities (in Table 1, Cell C), chose to raise the percentage of unemployed people among their allowance beneficiaries (even though the rate of joblessness was declining), while Table 2, Cell B cities, poorer on the



whole, made the opposite choice under opposite employment conditions in providing for a growing percentage of destitute citizens.

We make sense of this result by proposing that *a city's wealth* may affect officials' behavior in two ways, both of which could have a bearing on this choice: Wealth can offer local leaders whose cities have their own municipal funds decisional *autonomy* from the central government, and, by boosting the career opportunities of urban officials (by enhancing their chances for developmental success), a city's prosperity could make these administrators, already perched for promotion to high office, especially leery of fostering disturbances that could derail their futures.

The paper proceeds by first outlining the *dibao* policy and its transformation in recent years; we then go on to propose possible causal factors behind the shift. Next we demonstrate variation among cities, starting with qualitative evidence and the presentation of three hypotheses, and next lay out our quantitative work, including our data sources, our variables, and our findings. A conclusion ends the paper.

### **The *Dibao* Policy and a shift in emphasis**

The *dibao* was pioneered in Shanghai in 1993, and in 1999 extended nationwide. It was created primarily to shore up the livelihood of then protesting laid-off workers<sup>7</sup> (and, as proponents admitted openly, to quiet them down). These fired laborers constituted by far the largest portion of its recipients nationwide around that time.<sup>8</sup>

Indeed, a case can be made that there was a link between the sudden surge in the numbers of urban impoverished that the industrial cutbacks of that period

spawned and the *dibao*'s promulgation nationally in 1999. According to a 2013 study of labor conflict, already in 1997 a "survey of 10 cities showed that 67 percent of laid-off workers were living in poverty and 31 percent had no income at all" (Chen and Tang, 2013: 568). And for several years thereafter many of these abruptly jobless workers protested vociferously against their difficulties in surviving (Lee, 2007; Hurst, 2009). It is not surprising, then, that the early declarations of the scheme's intent always referred to "sustaining social stability" among the very top goals of the *dibao* program.<sup>9</sup>

The policy's method was to provide monthly allowances to households whose members' per capita income fell below a locally-determined norm [the *dibao biaozhun*, 低保标准], to bring the household's average income up to that standard. Initially, the Guarantee proclaimed help for all indigent urban persons--just so long as the person was part of a measurably indigent household and was registered in a given city, that is, possessed a locally valid household registration [*chengshi hukou* 城市户口] (N.A., 2007).

In fact, in the formal, inaugurating nationwide 1999 Regulations, meeting just three conditions qualified one for the aid: 1) being one of the "*sanwu*," 三无["three withouts"]; 2) being unemployed, with one's term for drawing unemployment relief ended, but unable to get reemployed, and having a family average income below the local poverty standard; or 3) being at work, laid-off or retired, but with all sources of income not bringing the person's household's average income up to the local poverty line. The document made only passing reference to whether recipients should work: it just prescribed "encourage[ing] labor self-support."

Over the past decade or so a shift has occurred, however, as protests subsided. Notably, Lynette Ong's forthcoming work shows that whereas protests related to

state-owned enterprise labor disputes accounted for just over 37 percent among 18 different grievance types in 2003, in the years 2010 to 2012 they amounted to between a mere 6.3 and 8.4 percent (Ong, forthcoming). Eli Friedman also charts a drop in labor disputes from 2008-2011 (Friedman, 2014: 4). And in sync with this, as early as 2003, the World Bank reported, the share of laid-off workers among *dibao* recipients began to decline (World Bank, 2009: 145).

In recent years, the central government has also been ordering that localities get impoverished individuals capable of doing so to turn to the labor market to sustain themselves—irrespective of whether that market has a place for them, which often enough it does not. As early as mid-2004, for example, an opinion in the official journal of the Ministry of Civil Affairs (the office responsible for the *dibao*), entitled Chinese Civil Affairs *Zhongguo minzheng* 中国民政, suggested that whether a person had labor ability, had the will to work, and the nature of the cause for the loss of his/her labor ability should be all be taken as considerations in deciding whether to offer him/her the *dibao* (*Zhongguo minzheng*, 2004: 41).

In that same year most cities began implementing activation measures to encourage healthy recipients to take jobs (though along with this went a “reluctance from recipients to stop receiving social assistance coverage”) (Zhang, 2014: 229-30). A 2009 World Bank report comments that as of the time of its compilation, “In practice only those unable to work are likely to be provided with long-term assistance (World Bank, 2009: 145). (See Appendices B and C for figures showing the composition of 10 categories of *dibao* recipients, first from 2002 to 2006 and then from 2007 to 2012, respectively, to observe this shift visually).

More evidence comes from fieldwork. In Wuhan interviews in summer 2012, community officials mentioned a new stringency greeting applications. As one leader explained,

A person who is under 50 years of age and has work ability can't get the *dibao* now; the policy has become very strict. If s/he can't find work, that's not a condition for getting the *dibao*. We encourage them to go work.<sup>10</sup>

Similarly, in a different Wuhan community, the *dibao* manager asserted that,

Now, it's almost impossible for a healthy laid-off person to get the *dibao*. Only the seriously ill and disabled can get it. Getting the allowance depends on age and ability to work; it's only for the old, weak, those with ill health and the disabled. If one has working ability, he's unlikely to get it. In the past, the policy was more relaxed and there were lots of laid-off people [receiving it].<sup>11</sup>

By late 2014, informants in Beijing, Wuhan, Lanzhou and from a small Heilongjiang city all concurred with this information. In Beijing, Tang Jun, the foremost *dibao* scholar in China, noted that, "Around 2010 the policy got tighter with regard to the labor-able." Scholars in Wuhan related that, "Recently we especially care about work ability"; a street committee cadre in Lanzhou held that, "Policy has gotten stricter...if you have work ability you should work"; and an interviewee from Heilongjiang observed

that, “At first the qualifications for the *dibao* were easier [to meet], but it’s gotten harder now.”<sup>12</sup>

Yet one more sign is statistical. Government yearbooks show that in 2002, when the numbers of “laid-off” (*xiagang* 下岗) workers peaked, nearly half (48.7 percent) of all *dibao* recipients were either laid-off workers, retired or unemployed.<sup>13</sup> At that time, *sanwu* people constituted just 4.5 percent of total beneficiaries.<sup>14</sup> There was no separate category for the “disabled” listed then; perhaps such people were sorted with the *sanwu*.

But after around 2004 the category of *xiagang* no longer existed. By 2009, equivalent groupings in the data were the registered and unregistered unemployed, which together accounted for only 39 percent of all *dibao* subjects nationwide (a drop of 20 percent in just seven years (from 2002 to 2009). Meanwhile, the disabled and the *sanwu*, added together, had jumped up to 11.7 percent of the national total of recipients (2.6 times as large a percentage as seven years before).<sup>15</sup> These data appear to bolster a claim that the totally pauperized and bereft, plus those physically incompetent to work, got a boost at the expense of the able-bodied non-working, who, for the most part, were shunted off to their own devices in an unfriendly labor market.

Additionally, the program as a whole has been downplayed over the years as the out-of-work have quieted down. This suggests that the scheme (as well as its initial target and objective) constitutes a lesser concern for central-level decision-makers in recent years than it did a decade-plus in the past, when raucous discharged workers thronged the roads. This becomes clear in that the *dibao* has received plummeting percentages of funding over

time, in relation to several metrics: In September 2005 the mean *dibao* norm (or poverty line) across urban China represented 22.2 percent of the average monthly per capita disposable income in large cities. Two years later, that figure had gone down to only 17.9 percent. In November 2011, the proportion stood at a mere 13.2 percent.

Secondly, in 2007, urban *dibao* expenditures accounted for .113 percent of gross domestic product, and in 2008, up, but up just to .128 percent (in the years of the Great Recession). But in 2012 the percentage dropped down to just .108 percent. Thirdly, in 1998, the average *dibao* norm (or poverty line) nationally was equal to 20.5 percent of the mean wage in the largest cities.; by 2007 that proportion had sunk by a full 50 percent, down to 10.3 percent. Finally, in 2011, the norm amounted to a tiny 7.8 percent of the mean wage in state firms.<sup>16</sup>

*Central* budgeters--seeing no substantial protests connected with joblessness or poverty--may well have thought they could safely cut these disbursements as a proportion of total expenditures. But *local* leaders' experience is that disorder from discontented destitute people has occurred and remains a possibility. For down at the grassroots there are always the *dingzihu* 钉子户 [troublemakers], indigent people who congregate in small groups or who arrive at community offices as individuals, expressing their outrage over *dibao* issues (forced withdrawal from, or non-acceptance into, the rolls; inadequate allowances).

There is documented evidence of this disturbance and its effects. As Mun Young Cho discovered, "Local residents dissatisfied with a determination to deny, reduce, or diminish benefits often visit the community office, the street office and even the district government to plead their desperate cause," and that "Many

residents displeased, embarrassed and even threatened local officials while visiting them individually or in small groups.” Besides, she observed, “*dibao* is considered a breeding ground for anger [among the laid-off] and fear [for officials].” (Cho 2013, 87-88).<sup>17</sup> Other researchers have noted that it is “not uncommon for applicants to put enormous pressure on community-level cadres” (Wong, Chen and 2014: 335). One more indication comes from scholars interviewed in Wuhan in 2014, who asserted that, “The *dibao* is given for social stability; it is given to people who would make trouble--the government fears them.”<sup>18</sup> City officials, it is agreed, have grounds for worry about the potential for protest to escalate within their governance areas on account of the *dibao*.

Given this background, these considerations inform the analysis in the rest of the paper: the gradual central-level shift, both in the target of, and in the overall level of generosity toward, urban social-assistance; differential behaviors among city decisionmakers as to whom to favor in the allowance; and a likely awareness locally of a possible double threat as cast-aside workers are treated less well over time: one threat from the workers and, accordingly, another to officials’ own careers should they let unrest get out of hand. We aim to account for the disparate responses to this situation in the municipalities.

### **Possible Macro Factors behind the Shift**

What spurred the transformation in social assistance policy? It may have taken inspiration from the European Union, where a “recalibration” of welfare has lately occurred, according to which cutbacks have been enforced in response to “intensified international competitiveness, relative austerity,

demographic ageing and the changed structure of labor markets and families.” According to several accounts, EU member states have seen a “shift..to a.. welfare state, supported by new normative discourses on the centrality of paid work..” (Hemerijck, 2012: 104, 107, 22-26; Bonoli & Natali, 2012).

In China not all these threats have loomed (although some did—new international competition, chiefly from Southeast Asia; ageing, demanding heightened spending on pensions; and an altered configuration of labor markets, seen in the leap in layoffs of the late 1990s). But the impact of these shifts has so far been less than in Europe. Still, possibly the international financial crisis of 2008, which significantly restricted China’s export markets--promoting an ongoing economic slowdown--influenced a rethinking of the philosophy behind state welfare.

There are other possible explanations for the choice to decrease the percentage of unemployed people among allowance-takers on a nationwide basis. In Shanghai and Beijing, street offices create temporary jobs for the poor, like assisting the police [*xiejing* 协警] and the urban management officials [*chengguan xiezhu renyuanyuan* 城关协助人员], or serving as underlings for social workers [*shegong* 社工]. Though the wages for such posts are minimal, they are much in demand, and priority for them is accorded the *dibaohu* 地保户, the name given to the recipients of the *dibao*.<sup>19</sup> Thus, those granted such positions will no longer require the *dibao*.

Local governments also supply petty work (street-sweepers, gate guards, cashiers), which pays wages sufficient to justify removing recipients



from the *dibao* rolls.<sup>20</sup> And *dibao* subjects who leave home to find informal work may be counted by their community *dibao* officials as earning incomes above the poverty line (whether they actually do or not), and so may be pushed from the assistance lists.<sup>21</sup>

Besides, many older dismissed workers have reached retirement age and so obtained their pensions, usually having to relinquish their *dibao* allowance.<sup>22</sup> Finally, a number of cities offered one-time severance payments (*maiduan gongling* 买断工龄), leaving some laid-off persons with assets exceeding the poverty line; alternatively, an agreement (*xiebao* 协保) between people and their firms had the enterprise continuing to turn in welfare payments for the furloughed, even as the recipients ceased to be its working, wage-earning employees (Gallagher, 2009: 143-47; Duckett and Hussain, 2008: 223). These explanations do help account for a drop in percentage of the laid-off among *dibao* beneficiaries. Yet the fact is that *there are explicit central-government orders to cut allowances for the labor-able*. We go on to present our data.

### **Variation Among Cities**

#### *Qualitative evidence of variation; hypotheses*

Secondary literature and fieldwork yielded qualitative information suggesting bases for variation among cities.<sup>23</sup> We infer from this qualitative information that there are two features that differentiate leadership in more and less prosperous places: these are varying levels of local *autonomy* and *ambition*. Our evidence follows.

#### *Local autonomy*

Philip Hsu defines “local autonomy” (as against a related but different policy of fiscal decentralization) as “the capacity of local states to identify and choose from a particular range of feasible actions in implementation, as a result of power devolution in the state hierarchy” (Hsu, 2004: 579). Here we understand this concept a bit differently. We use the term to refer to a locality’s ability to pursue a policy using its own resources, rather than needing to depend on higher levels for the funding necessary to do so.

Relevant to this characterization, a 2003 publication records that, “With the exception of Beijing, Shanghai, Shandong, Jiangsu, Zhejiang, Fujian, and Guangdong, all the other provinces got the central government’s financial subsidies [for the *dibao*]” (Tang 2003/04, 32). These seven jurisdictions are all situated along the east coast, the wealthiest geographical segment of the country. Their financial qualification (or, one might say, delegated responsibility) to finance their own programs has meant that their leaders are *autonomous* in this realm—i.e., *not dependent upon the central government* for funding the *dibao*.<sup>24</sup> This in turn has rendered them free to frame their own policies of social assistance. In Shanghai, for instance, a pot of some four billion yuan is available annually for subsidies to low-income residents.<sup>25</sup> As Mary Gallagher has written, this city’s “rapidly developing economy afforded the local government much space in which to formulate policies” that diverged from those of central governmental ministries (Gallagher, 2009: 139).

Alternatively, Xinping Guan and Bing Xu speak of “complicated bargaining [over *dibao monies*]..and to some degree the dependency of some local governments on central funds” (Guan and Xu, 2011: 29). Bolstering this point, in summer 2013 a Hubei researcher found that more than 70 percent of the province’s *dibao* outlays since 2009 had come from the Ministry of Finance.<sup>26</sup> In the same vein, 2010 interviews in several Hubei prefectural cities (*dijishi* 地级市) revealed that “upper-

level” subsidies for their *dibao* came close to 100 percent.<sup>27</sup>The percentage of their *dibao* funds granted cities in the far west, where poverty is rampant and local finances tight, is also bound to be high. On the basis of this information, we note that the level of decisional freedom (local autonomy) in the allocation of *dibao* monies apparently varies among cities in accord with the city’s reliance on the receipt of upper-level funds.

### *Ambition*

A second factor distinguishing cities could be the proximity of an official to achieving a placement in Beijing. We make an assumption that officials assigned to better-off municipalities, where the foundation for economic success is firm and thus development progressing well, can reasonably expect that, if they perform creditably in their superiors’ eyes and keep social order under control, and provided that nothing goes wrong while in office (as, being caught for corruption), their path to upward mobility should be smooth and their more or less imminent chances of assignment to successively higher jobs likely.<sup>28</sup>

Thus, Pierre Landry writes that, “The Party is able to link political rewards with performance among the small but critically important subset of local officials who perform unusually well” (Landry, 2008: 114); he also describes “a strong agency relationship with respect to cadres who control wealthy, fast-growing regions” (Landry, 2008: 106). Conversely, one might surmise, officials in poorer cities, where economic growth is sluggish, no matter how well they govern, generally are far from reaching a high post sometime soon.<sup>29</sup>

There are no data of which we are aware for measuring this basis for high ambition that would match the information about urban financial autonomy. Consequently, we devised a metric to assess leaders’ careers to date by assigning one

point for each of the following indicators--each of which is apt to increase an official's upward mobility--with five being the highest possible score: promotion from the previous job (i.e., not just routine advancement, as, for instance, from vice mayor to mayor); having taken part in party or youth league work early in one's career; having earned an advanced degree and/or spent time at a foreign university; having been assigned to a party school; and having worked in a critical or sensitive sector. This method is explained more fully in Appendix H.

Using this formula, we examined the career paths of a sample of urban leaders (mayors and Party secretaries) in office in 30 of our sample cities from 2009 to 2012, and found that, indeed, officials in wealthier, more prominent cities during the period of our study indeed had higher scores, and, thus, could be viewed as more upwardly mobile, and, presumably—already in a relatively high-ranked post—apt to be unusually careful about ensuring their very likely further ascension. We term this trait “ambition.” We then found a statistically significant career difference between two types of local political figures: Leaders in cities where the unemployment rate *rose* from 2007-2010 but unemployed *dibao* recipients *dropped* as a percent of all recipients from 2009-12 (as per the center's wishes), on the one hand (Cell B in Table 1), and, on the other hand, officials in cities where the unemployment rate *fell* between those years, while the percentage of unemployed recipients *rose* from 2009-12 (thereby ignoring the center's recent preference) (Cell C of Table 1). (See Appendices H1, H2.)<sup>30</sup> This amounts to a correlation between upwardly mobile officials and behavior that contravenes the central preference, after the mid-2000s, to get the healthy unemployed off the *dibao* rolls. It also uncovers a correspondence between leaders in places that obeyed the center and being further from significant upward career progress.

We presumed that well-placed, upwardly-mobile officials may reason that it is the able-bodied unemployed who are most plausibly the perpetrators of unrest.<sup>31</sup> And aside from the weighty significance for their careers of respecting the dictum against instability, leaders in thriving municipalities are likely to hope to keep their cities quiet for a second reason: the better to attract foreign investment, a good that is advantageous to their professional credentials. For it is probable that foreign investors would be discouraged from putting their money into metropolises that are unsettled.

As rational choice scholars often assume, we posit that--like politicians elsewhere--local Chinese leaders hope to maximize their utility function, that is, they value their own career paths. Though ambition is of course apt to mark any administrator in the Chinese bureaucracy of power, we accord it special criticality for an official who is on the verge of promotion to the top. We combine this surmise with the two pieces of information adduced above (these officials' financial autonomy, their career success to date) to create the following hypothesis: that local leaders in more affluent places, already traveling upon an upward trajectory and near its peak, should be especially concerned to ensure that the very most crucial objective of the central government and Party (stability, as noted above) be maintained in their jurisdictions, lest they spoil their own futures.

*Hypothesis One:* Politicians in wealthier cities, being financially autonomous and particularly ambitious, are indisposed to act on a policy that could arouse popular opposition and protests and are free to act against it.

Less well-to-do municipalities, to the contrary, should follow a different logic, we hypothesize. For they depend on upper-level administrations for large portions—

or sometimes nearly all—of their social assistance subsidies, while their chances for moving up very far along the career ladder would appear to be relatively tenuous. Surely they too must fear street protests. But first things first, we argue: Should they displease their superiors by bucking a new central-level preference, they could risk losing their subsidies in part or altogether. And without the allowances, they could figure, they would be unable to distribute any subsidies and thus be almost certain to see demonstrations. So politicians in less-well-off locales, compared with those in richer regions, should be more inclined to follow the latest policy on the *dibao*.<sup>32</sup> Thus, we hypothesize:

*Hypothesis Two:* Officials in less well-off cities, being highly dependent on the central government and therefore apt to put pure obedience to it above all else, should be more inclined to follow central pronouncements. In general, they are at any rate not positioned to advance to the top of the political ladder no matter what they do.

Another issue may have a bearing: Municipalities where the laid-off were exceptionally numerous in the 1990s, such as Shenyang (29 percent of the workforce) and throughout the northeast generally; and Tianjin, Chongqing, Nanjing, and Xi'an (where figures of the dismissed ranged around 20 percent)<sup>33</sup> (Liu, 2011) were apt to have been sites of massive protests around the year 2000.<sup>34</sup> Current-day leaders in these localities are, consequently, liable to be loath to withdraw the *dibao* from able-bodied ex-workers (who, presumably, are already organized from earlier actions), which, leaders could calculate, would hand such laid-off laborers a pretext for running to the roads in demonstration once again. Indeed, a paper based on research in Shanghai at the end of the 2000's reported that it was *especially the laid-*

*off workers* who resented the *dibao*'s constraints (Chen, Wong, Zeng and Hamalainen, 2013: 334). Accordingly, we offer a third hypothesis:

*Hypothesis Three:* Cities where protests by laid-off workers were numerous around the turn of the millennium should be particularly indisposed to take actions, such as removing the unemployed from the *dibao* rolls, that could promote protests.

### *Quantitative Findings*

#### Data sources

Our sample included all four centrally-administered municipalities (*zhixiashi*, 直轄市),<sup>35</sup> plus 25 provincial capitals for which data were available<sup>36</sup>; we also randomly selected two cities<sup>37</sup> from each province and autonomous region from the cities listed in China City Statistical Yearbook,<sup>38</sup> yielding a total set of 76 cities. Since this paper does not purport to be conclusive, but rather heuristic and exploratory, we decided that a sample that was relatively small should at least yield insights that could spur further research.<sup>39</sup>

In this sample, thirty-three of the cities were medium-sized and smaller (with populations below one million). In the set as a whole, in the year 2009, just over half, or 43 of these cities (56.6 percent), had populations exceeding one million people, which we count as “big” cities. We also consulted statistical yearbooks on population, employment, cities, civil affairs, and finance, plus relevant secondary literature on social assistance programs and unemployment.

Variables<sup>40</sup>

*Dependent variables*

We were interested in two dependent variables: *changes (up and down)* in the *percentages* that two populations, *the unemployed* and *the needy*, respectively, represented among all *dibao* recipients in each of these 76 cities, between 2009 and 2012. We picked those years because they followed our three years of unemployment-rate data and so, we imagined, ought to have reflected rising or falling joblessness in a given city, other things being equal.

Also, for these years we had data on the numbers of *dibao* recipients that each of China's 600-plus cities had categorized into 10 subgroupings of poor people (disabled, "three withouts," registered unemployed, unregistered unemployed, those at work, students, flexible laborers, the aged, etc.).<sup>41</sup> We combined the two unemployed groups (registered, unregistered) into one conglomeration, since people in these categories all lack work, so may be viewed similarly by those allocating funds; we refer to this group as "the unemployed." This group probably roughly corresponds to what were earlier labeled the laid-off or *xiagang*.

We put the "disabled" category together with the "*sanwu*" because all those in these two categories, as the most needy, are likely to be perceived and handled similarly by officials and both were listed among the "keypoint assistance targets" in the 2012 Opinion. We refer to this group as "the needy." We calculated the percentages of these two categories, "unemployed" and "needy," respectively, among all *dibao* recipients in each of the 76 cities in the two years 2009 and 2012.



### *Independent and control variables*

We tested three independent variables: 1) budgetary revenue per capita, 2009; 2) *dibao* expenditure per capita, 2012; and 3) average wage, 2010. We used four control variables<sup>42</sup>: 1) “capital”: whether a city is the capital of a province or an autonomous region; 2) “city rank”: whether a city is a centrally-administered municipality [*zhixiashi*]; a deputy/sub-provincial city [*fushengjishi* 副省市]; or a prefectural level city [*dijishi*]; 3) “regional location”--- which of the four geographic regions of China a city is located in (coastal, central, western, and northeast); and 4) “city size.” The results are shown in Tables 4 and 5.

Our rationale for choosing these independent variables was as follows: Variable 1), budgetary revenue per capita, measured the relative wealth of a municipality. Variable 2), *dibao* expenditure per capita, 2012 (a city’s total *dibao* expenditure divided by number of *dibao* recipients) investigated whether a city’s relative generosity or stinginess had any bearing on changes in the percentage of the total outlay that went to the unemployed and to the destitute, respectively, in each city from 2009 to 2012. Variable 3), average wage in each city in 2010, was also employed to evaluate a city’s wealth. The reasoning was that where wages (in state-owned firms, those for which data are available) are relatively high, a city acquires more tax revenue and so should be more prosperous.

Our four control variables were picked to determine if our results were robust, even if location, size and rank of the cities varied. These eight sorts of data were available for all or most of the 76 cities for recent years. We sampled different years for different types of data because we wanted to use the most recent year for which data were available for each variable. And we relied on a logic of lagging, assuming that a city’s revenue in an earlier year would be reflected in its *dibao* expenditure in a

later year. Overall, since we did know that coastal, eastern cities (which are wealthier) are more *autonomous* and that officials placed in more prosperous places seem to match with more promising careers, and thus, we argued, have more grounds for *ambition* about reaching the top, we were interested in variables that captured these factors.

### *Quantitative findings*

Our first finding was that—despite the shift in the center’s social assistance policy after the mid-‘00’s urging making the needy the keypoint in *dibao* distribution, and regardless of a city’s unemployment rates from 2007 to 2010<sup>43</sup>--a majority of our cities (61.8 percent) experienced a *rise* in the percent of *dibao* recipients who were unemployed between the years 2009 and 2012.<sup>44</sup> A Chi-square test: p value at .103 suggested a very small chance (10.3 percent) that what we observed was totally random. Therefore, we are confident (at the .10 level) that there were factors other than chance operating to produce the numbers observed. (See Table 1, a two-by-two table showing the relationship between changes in the percentage of unemployed recipients and changes in the unemployment rate in our sample cities.)

(Table 1 around here)

This finding thus looks as if decisionmakers in a number of cities were intentionally supporting unemployed people, independently of a change in the magnitude of the numbers of people out of work in their cities, and in opposition to a new central policy preference. We will investigate this insight.

The next finding, our second, has to do with the relative wealth or its lack in a city. We discovered that there was a positive and significant relationship between

the amount of “budgetary revenue per capita” in a city as of 2009 and the average *dibao* expenditure per recipient in that city the next year, 2010. Here a correlation matrix showed a positive correlation, significant at the .001 level. (See Table 3.) The message here is that more well-off cities—having higher budgetary revenue per capita—spent more on their *dibaohu* than did poorer cities.

(Table 3 around here)

Third, among the 48 cities that increased their percentage of needy recipients between 2009 and 2012 (those in Column 1, Table 2), the lower the *dibao* expenditure per capita in 2012 (i.e., the poorer the city, following from the second finding), the more significant the increase in the percentage of needy recipients was, in 2012 as compared with 2009. So, poorer cities tended to assist the needy proportionately more than did better-off municipalities over these three years. What this calculation supports is that less well-off cities were more apt to respond to the central governmental bent to remove the healthy unemployed from the poverty rolls and, as well, that new entrants in poorer cities tended less to be able-bodied unemployed and more to be needy.

Given that relatively poorer cities depend upon subsidies from above for their *dibao* funds (are not *autonomous* in welfare expenditure), our second hypothesis here is confirmed. Among the four control variables we used, one, “region,” had four dummy variables. Of those, two showed statistical significance, suggesting that this phenomenon was most likely to occur in China’s northeast and along the coast (Table 4, Model Dependent Variable 1). This finding, however, is not germane to our analysis.

(Table 4 around here)

Fourth, of the 47 cities that raised the percentage of their unemployed *dibao* recipients among all recipients between 2009 and 2012 (those in Column 1, Table 1), neither of the two measures of a city's wealth (budgetary revenue per capita, *dibao* expenditure per capita) was significant. But the control variable "capital" (whether a city is a provincial capital/centrally-administered municipality) showed significance at the .05 level.<sup>45</sup> Contrary to what is the case in less well-off cities, "capitals"—which are typically relatively well developed and certainly have more resources, as compared with non-"capital" cities--were more prone than less well-off cities to add unemployed recipients over this three-year interval. This could mean that the most upwardly mobile officials--those in wealthier, important cities—are most apt to put the goal of keeping order above simply falling into line with a changed central preference when that preference could conflict with order maintenance. This finding supports our first hypothesis.

Fifth, bolstering finding four, we next focused on "big" cities --those with populations larger than one million in 2009--which constitute 56.6 percent of our sample. We added another independent variable here: average wage in 2010 (logged) as an additional measure for a city's wealthiness.<sup>46</sup> Of the cities that increased the percentage of unemployed among their *dibao* recipients in 2012 as compared with 2009, when the *dibao* expenditure per capita rose comparatively (in relation to other cities) in 2012, the *extent* of the increase in the unemployed among the city's *dibao* also rose (in 2009-2012). ( Table 5.)

(Table 5 around here)

The sixth point is this: If we look just at 2012 data, we find that 2012 *dibao* expenditure per person correlates significantly with the percent represented by the unemployed among the *dibao* population in a city that year: higher *dibao* expenditure per capita in 2012 meant comparably more ( i.e., a higher percentage of) unemployed *dibao* recipients; richer cities (those that pay a higher *dibao* allowance per recipient, as the second finding showed) have a relatively larger percentage of unemployed people among their *dibao* recipients. (Table 6.) Again, this confirms our first hypothesis.

(Table 6 around here)

And the seventh finding, the one of greatest interest, extends this inference: among the 76 cities for which we found unemployment data, just over a third, or 29 (38.2 percent), reported a lower percentage of unemployed *dibao* recipients in 2012 as against 2009; these cities seem to have followed the central government's shift to reduce unemployed recipients. Of these 29, only 10 (34 percent) were provincial capitals or centrally-administered municipalities. Thus, of those cities that followed the center, two-thirds (66 percent) were relatively smaller, less significant cities. This appears to accord with a critical point made by Jeremy Wallace that emphasizes the perspective of the most important cities, in his stating that, "Stability is of paramount importance in the case of politically salient cities, namely provincial capitals" (Wallace, 2014: 107).

But in the year 2011 to 2012, in which the central government finally put forth a formal Opinion to pare unemployed recipients, 34 of our 76 cities (44.7 percent, a higher percentage than between 2009 and 2012 (which was 38.16 percent)) managed to reduce the percentage of unemployed people among the total recipients in that city.

This presumably shows heightened alignment over this period with the center's direction. Of these 34 cities, however, only one, Chongqing, is a centrally-administered municipality (but the poorest of the four such cities, and the only one in the inland).

In addition, only seven of the other 33 municipalities (not counting Chongqing) whose behavior coincided with central-level preferences were provincial capitals (Taiyuan, Huhehaote, Changchun, Hefei, Wuhan, Chongqing, Guiyang, and Lanzhou), all fiscally dependent inland cities. Not one of them, was a wealthy city<sup>47</sup> managing its own *dibao* funds. This means that just seven of the 25 provincial capitals for which we have data (28 percent, or just over a quarter) acted in consonance with Beijing's preference.<sup>48</sup> This again supports the second hypothesis, about poorer cities.

In sum, we have an interesting finding about provincial capitals and centrally-administered municipalities (wealthier, more important cities where, we conjectured, officials are likely to be more ambitious because of probably being poised to be promoted to a very high level, and also are more financially autonomous). This is that when a new central preference (in this case, to get able-bodied, unemployed persons to work and off the *dibao*) conflicted with a long-term "priority target with veto power" (maintenance of social order), our data can be read to demonstrate that officials who are already better placed (in better-off municipalities) chose to meet the target more tightly tied to promotion (keeping the unemployed subsidized, in the hope of preventing pandemonium), as a failure to meet that criterion could derail their careers. We cannot say more than that this is a conjecture, but it is surely a plausible one.

Finally, our eighth finding: earlier we mentioned a two-by-two table with four cells showing the relationship between the rise and fall of officially reported

unemployment, 2007-2010, on one hand, and rise and fall in the percentage of unemployed *dibao* recipients in the various cities, 2009-2012, on the other (Table 1). We noted only that a majority of cities saw a *rise* in unemployed's percent of a given city's total *dibaohu*, contrary to the center's expressed preference. This makes sense when we group our cities, thereby producing more fine-grained findings (see Appendices D, E, F, G, which show which cities populated each of the four cells in Table 1).

The 20 cities in Cell A (just over one quarter of our total) saw both a rise in unemployment (2007-2010) and an increase in the percentage of their *dibao* recipients who were unemployed (2009-2012), which should not be surprising. And Harbin, a provincial capital where there were large numbers of layoffs in the years around 2000,<sup>49</sup> is one of these cities; Tianjin, which saw a fifth of its workforce laid off, is another. Such locales might try to ensure that nothing incites more demonstrations. These results bolster our third hypothesis.

But the seven cities in Cell B had rising unemployment (2007-2010) while, counter-intuitively, the percentage of *dibao* recipients who were unemployed declined (2009-2012). These cities, mostly small, poor, and inland (Jilin's Tonghua and Jiangxi's Xinyu are examples), are likely to be heavily dependent upon upper levels for *dibao* funds. Accordingly, their leaders may be queasy about ignoring central-level preferences. The two provincial capitals in this set (Shaanxi's Xi'an, in the west, and Inner Mongolia's Huhehaote) are both inland and not highly prosperous; they rank as the type of city normally dependent on central funds for *dibao* allowances.

In the third cell, C, there is again seemingly counter-intuitive behavior. This cell contains 27 cities (35.5 percent of the total); here unemployment fell, but local officials continued to raise the percentage of unemployed people receiving the

*dibao* nonetheless. These cities include Shenyang, where layoffs were the most numerous in the nation (29 percent of the workforce in the early 2000s), and Guangzhou, where the country's export business is centered, and where, in recent years, businesses have suffered due to a shrinking global market. It would be likely that unemployment is particularly sensitive in these places so that, even though reported rates of unemployment went down, leaders could still be averse to depriving the unemployed. In addition, Guangdong saw large-scale worker protests in and after 2010—not over job loss, but indicative of the potential militancy of labor there. These findings, again, reinforce our third hypothesis.

Note the several wealthier, capital cities in this cell (which are independently funding the *dibao*), such as Shanghai, Guangzhou, Fuzhou and Nanjing. Their locally autonomous leaders do not have to listen to the central government in handling *dibaohu* allowances, and these officials are apt to be on a steeply upward career trajectory. Thus, sustaining social order is likely their highest priority. This could dispose them to shrink from removing assistance funds from the unemployed.

The last cell, Cell D--where unemployment fell (2007-2010), and where the percentage of the unemployed among the *dibao* also fell--contains 22 cities, 29 percent of our 76 cities. These results are reasonable. Interestingly, among these cities are two medium-sized prefectural-level municipalities in Jiangsu, Suzhou and Yangzhou, which acted along the lines of the central-level proclivity to stop funding the unemployed. Yet the province's capital city, Nanjing, more apt to be governed by upwardly mobile politicians on a highly promising career trajectory, *increased* the percentage of its unemployed *dibao* recipients from 2009 to 2012, and so fell into Cell C.

## **Conclusions**



As is often remarked, Chinese politicians' accountability is to their superiors, who evaluate their work and determine their promotions, and, in particular, who pay inordinate attention to whether a leader can sustain social order in his bailiwick. Thus, Chinese city authorities with particularly promising short-term career prospects may be especially careful to attend to issues and individuals—such as laid-off laborers—that/who could cause unrest in their jurisdictions. Officials in lesser locales must also worry about restive jobless workers. But for them, satisfying supervisors who extend subsidies (and who could, conceivably, cut such funds) has to come first.

We argued that Chinese urban officials have, implicitly, been presented with a choice: Observe a new central push to deny the *dibao* to those deemed capable of earning their income, the able-bodied unemployed? Or, instead, continue to accord resources to these possibly rowdy people to help keep one's city disturbance-free? Alignment with the first choice could threaten the ability to fulfil the second.

Using the variables we selected, we decided that in this instance the Chinese promotion system appears to have set up a distinction between how dissimilarly-situated urban officials handle livelihood subsidies for the poor. Since successfully fostering economic growth in one's territory renders a politician favorably positioned to advance, those assigned to lead richer municipalities begin with an advantage: the resources in the city create an environment in which officials can thrive. Accordingly, those posted to such areas acquire the grounds for being more realistically *ambitious* about big steps upward than do those in poorer municipalities.

Besides, those governing wealthier cities draw for their welfare allowances on funds they amass in their own jurisdictions; to the contrary, city leaders elsewhere depend for all or most of their assistance moneys upon allocations from above. This feature offers the leaders in the former areas decisional *autonomy* in dispensing

assistance, while those in the latter locales, arguably, have reasons to act in accord with higher-level demands.

Thus, given the Chinese incentive framework and given our choice of indicators, two conditions—*high ambition* (derived from adequate grounds for entertaining it, i.e., the wealth of the city to which they have been posted makes it easier to succeed economically), and *local autonomy* (from having local funds)--seem to lead urban authorities who possess these conditions to choose to—and be able to--honor the fundamental, persistent state priority, peace and order. They appear to do so regardless of a shift (that could threaten their own careers), that is, orders to favor the most needy people and to deprive the able-bodied unemployed. Leaders lacking these two conditions seem to behave conversely.

In sum, these findings imply (even if not nail down definitively) that having *local fiscal autonomy* and *grounds for towering ambition* differentially shape the discretionary power of local officials in China, and *not* simply whether a policy's target is hard (critical) or soft (can safely be ignored). Other factors--such as whether the environment in which an official works gives him fiscal autonomy and presents a realistic foundation for achieving high advancement--appear to lend weight to allocational choices as well.<sup>50</sup>

## TABLES

**Table 1.** Relationships Between Changes in % of Unemployed *Dibao* Recipients Among All Recipients (2009-2012) and Changes in the Unemployment Rate in the Cities (2007-2010)

	<b>Number of cities whose % of unemployed <i>dibao</i> recipients rose (2009-2012)</b>	<b>Number of cities whose % of unemployed <i>dibao</i> recipients fell (2009-2012)</b>	<b>Total</b>
<b>Number of cities whose unemployment rate rose (2007-2010)</b>	A: 20 (26.3%)	B: 7 (9.21%)	27 (35.5%)
<b>Number of cities whose unemployment rate fell (2007-2010)</b>	C: 27 (35.5%)	D: 22 (28.95%)	49 (64.48%)
<b>Total</b>	47 (61.8%)	29 (38.16%)	76 (100%)

Source: Unemployment data are from China City Statistics Yearbook 2007, 2010; *dibao* data are from Ministry of Civil Affairs of the People's Republic of China. 2012 data: <http://files2.mca.gov.cn/cws/201207/20120725095058988.htm>; 2009 *dibao* data: <file:///C:/DOCUME~1/TJ/LOCALS~1/Temp/MOCA%20June%20%2709%20db%20recip%20categories.htm>

**Table 2.** Relationship Between Changes in % of Unemployed *Dibao* Recipients Among All Recipients (2009-2012) and Changes in % of Needy *Dibao* Recipients Among All Recipients (2009-2012)

	<b>Number of cities whose % of Needy <i>dibao</i> recipients rose (2009-2012)</b>	<b>Number of cities whose % of Needy <i>dibao</i> recipients fell (2009-2012)</b>	<b>Total</b>
<b>Number of cities whose % of unemployed <i>dibao</i> recipients rose (2009-2012)</b>	A: 31 (40.79%)	B: 16 (21.05%)	47 (61.84%)
<b>Number of cities whose % of unemployed <i>dibao</i> recipients fell (2009-2012)</b>	C: 17 (22.37%)	D: 12 (15.79%)	29 (38.16%)
<b>Total</b>	48 (63.16%)	28 (36.84%)	76 (100%)

Source: *Dibao* data are from Ministry of Civil Affairs of the People’s Republic of China. 2012 *dibao* data: <http://files2.mca.gov.cn/cws/201207/20120725095058988.htm>; 2009 *dibao* data: <file:///C:/DOCUME~1/TJ/LOCALS~1/Temp/MOCA%20June%20%2709%20db%20recip%20categories.htmT>

**Table 3:** Correlation Matrix between Average *Dibao* Expenditure (Per Person) in 2012 and Budgetary Revenue in 2010 in 76 Cities

	<b>average <i>dibao</i> expenditure 2012 (logged)</b>	<b>budgetary revenue 2010 (logged)</b>
<b>Average <i>dibao</i> expenditure 2012 (logged)</b>	1.0000	
<b>budgetary revenue 2010 (logged)</b>	0.5134 (0.000)	1.0000

Source: Data to calculate budgetary revenue per capita (budgetary revenue and urban population) are from China City Statistics Yearbook; *dibao* data are from Ministry of Civil Affairs of the People's Republic of China. 2012 data: <http://files2.mca.gov.cn/cws/201207/20120725095058988.htm>; 2009 *dibao* data: <file:///C:/DOCUME~1/TJ/LOCALS~1/Temp/MOCA%20June%20%2709%20db%20recip%20categories.htm>

**Table 4:** Side by Side Comparison of Linear Regressions Using Two Dependent Variables: Changes (Increase) of Needy *Dibao* Recipients as Percentage of Total *Dibao* Population (2009-2012); Changes (Increase) of Unemployed *Dibao* Recipients as Percentage of Total *Dibao* Population (2009-2012)

<b>Models</b>	<b>Dependent variable 1</b>	<b>Dependent variable 2</b>
<b>Independent variables</b>	Changes (increase) of % Needy recipients (09-12)	Changes (increase) of % of Unemployed recipients (09-12)
Budgetary revenue per capita 2009, logged	0.006	0.012
Average <i>dibao</i> expenditure per person 2012, logged	-.050*	0.075
Capital city	0.006	0.123**
Coastal city	0.040**	0.059
Central city	0.015	0.075
Western city	Dropped	0.068
Northeast city	0.050**	dropped
<b>Constant</b>	0.246	-0.545
<b>Obs</b>	46	33
<b>R<sup>2</sup></b>	0.200	0.333

\*\*p<.05, \*p<.10

Source: Unemployment data are from China City Statistics Yearbook 2007, 2010; *dibao* data are from Ministry of Civil Affairs of the People's Republic of China. 2012 data: <http://files2.mca.gov.cn/cws/201207/20120725095058988.htm>; 2009 *dibao* data: <file:///C:/DOCUME~1/TJ/LOCALS~1/Temp/MOCA%20June%20%2709%20db%20recip%20categories.htm>

**Table 5:** Linear Regression between Changes (Increase) in % of Unemployed *Dibao* Recipients (2009-12) and Wealthiness of *Teda* and Large Cities <sup>51</sup> (N=21)

<b>Models</b>	<b>Dependent variable</b>
<b>Independent variables</b>	Changes (incr) of %unemployed recipients (09-12) in big cities
Budgetary revenue per capita 2009, logged	0.044
Average <i>dibao</i> expenditure per person 2012, logged	0.430*
Average wage 2010, logged	-0.168
<b>Controls</b>	
capital	0.064
citysize	-0.029
cityrank	0.084
Capital	0.057
Coastal city	-0.03
Central city	0.02
Western city	0.07
Northeast city	Dropped
<b>Constant</b>	1.308
<b>Obs</b>	21
<b>R<sup>2</sup></b>	0.4043

\*p<.10

Source: Budgetary revenue data (2009) and average wage data (2010) are from China City Statistics Yearbook 2010 and 2011 respectively; *dibao* data are from Ministry of Civil Affairs of the People's Republic of China. 2012 data: <http://files2.mca.gov.cn/cws/201207/20120725095058988.htm>.

**Table 6:** Correlation Coefficient between Average *Dibao* Expenditure (Per Person), 2012, and the Unemployed among the *Dibao* Population, 2012

	<b>% Unemployed <i>dibao</i> recipients, 2012</b>	<b>average <i>dibao</i> expenditure per person, 2012</b>
<b>% Unemployed <i>dibao</i> recipients, 2012</b>	1.000	
<b>average <i>dibao</i> expenditure per person, 2012</b>	0.307** (0.007)	1.000

P-value in parenthesis

\*\* :  $p < .05$

Source: Data are from Ministry of Civil Affairs of the People's Republic of China.

2012 data: <http://files2.mca.gov.cn/cws/201207/20120725095058988.htm>; 2009 *dibao* data:

<file:///C:/DOCUME~1/TJ/LOCALS~1/Temp/MOCA%20June%20%2709%20db%20recip%20categories.htm>



## APPENDICES

### Appendix A : Table 7. Coding, Means, and Distributions for Dependent and

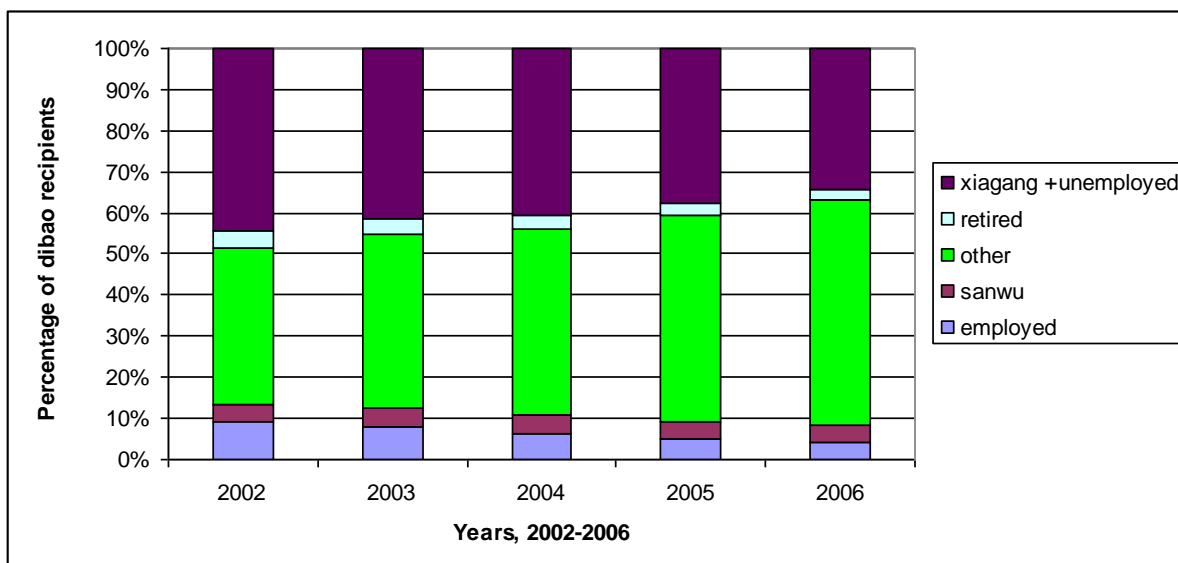
#### Independent Variables

<b>Variable</b>	<b>Description</b>	<b>Mean</b>	<b>SD</b>	<b>Min</b>	<b>Max</b>	<b>Obs</b>
<b>Dependent variables</b>						
SWDA0912*	Changes in needy <i>dibao</i> recipients as % of <i>dibao</i> population, 2009 to 2012	0.013	0.062	0.223	0.166	74
2UE0912**	Changes in unemployed <i>dibao</i> recipients as % of total <i>dibao</i> population, 2009 to 2012	0.026	0.129	0.296	0.523	62
<b>Independent variables</b>						
Incapita09	budgetary revenue per capita, 2009, logged	9.375	0.545	8.259	11.434	76
Indbavg12	average <i>dibao</i> expenditure per person, 2012, logged	5.550	0.258	4.899	6.187	76
Inavgwg10	average wage (yuan/year), 2010, logged	10.491	0.260	9.593	11.183	76
<b>Control Variables</b>						
capital	capital city of a province and/or autonomous region	0.329	0.483	0	1	76
Citysize	population size	2.382	1.019	1	4	76
Cityrank	rank of city	2.750	0.546	1	3	76
Coastal	coastal city	0.355	0.482	0	1	76
Central	central city	0.289	0.457	0	1	76
Western	western city	0.211	0.41	0	1	76
Neast	northeastern city	0.145	0.354	0	1	76

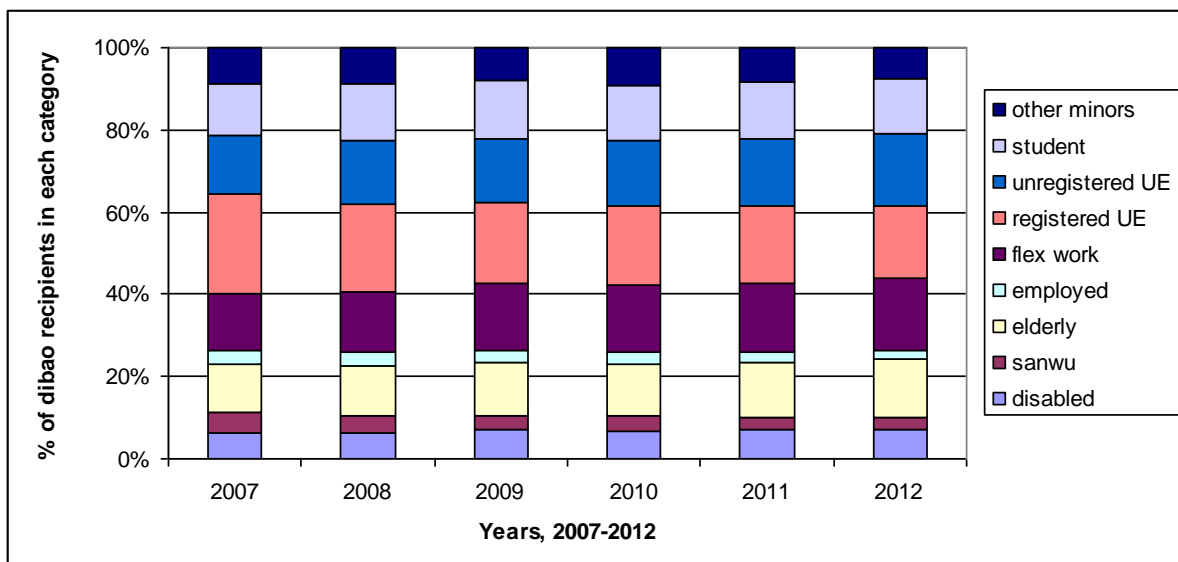
\*Here and hereafter SWDA stands for “*sanwu*” + disabled, or “the needy.”

\*\*Here and hereafter 2UE stands for two groups of unemployed (registered and unregistered) or “the unemployed.”

**Appendix B: Graph 1. Composition of *Dibao* Recipient Categories, 2002-2006**



**Appendix C: Graph 2. Composition of *Dibao* Recipients, 2007-2012\***



\*The category “*xiagang*” or laid-off was no longer in use by 2007; the corresponding population category was switched to “unregistered unemployed” (UE) and “registered UE.”

**APPENDICES D-G: LIST THE CITIES THAT POPULATED EACH OF THE  
4 CELLS IN TABLE 1, RESPECTIVELY**

**Keys for Appendices D-G:**

**Size: population**

1 = mega, over 3 million

2 = large, 1-3 million

3 = medium small, 500,000 to 1 million

4 = small, under 500,000

**Wealth (GDP/capita) (2009)**

1=wealthy: >68170 yuan

2=medium: 41289-63616 yuan

3=low: 31364-38819 yuan

4=poor: 8072-29234 yuan

**Appendix D.** Cell A, 2 x 2 Table (20 Cities): Unemployment Rate Rose from '07-10; % of Unemployed *Dibao* Recipients also Rose, '09-12

<b>City</b>	<b>Province affiliation</b>	<b>Size</b>	<b>Wealth</b>
Tianjin	直辖市	1	1
Dalian	Liaoning 辽宁省	1	1
Harbin	Heilongjiang 黑龙江省, & provincial capital	1	2
Daqing	Heilongjiang 黑龙江省	2	1
Mudanjiang	Heilongjiang 黑龙江省	3	4
Lishu	Zhejiang 浙江省	4	3
Huainan	Anhui 安徽省	2	4
Quanzhou	Fujian 福建省	2	2
Nanchang	Jiangxi 江西省, & provincial capital	2	2
Xinxiang	Henan 河南省	2	4
Zhumadian	Henan 河南省	3	4
Nanning	Guangxi Zhuang Autonomous region 广西壮族自治区,& capital	2	2
Qinzhou	Guangxi Zhuang Autonomous region 广西壮族自治区,& capital	3	4
Zunyi	Guizhou 贵州省	3	2
Kunming	Yunnan 云南省, & provincial capital	1	3
Baoji	Shaanxi 陕西省	2	3
Xining	Qinghai 青海省, & provincial capital	2	3
Yinchuan	Ningxia Hui Autonomous Region 宁夏回族自治区, & capital	3	3
Shizuishan	Ningxia Hui Autonomous Region 宁夏回族自治区	4	2
Guyuan	Ningxia Hui Autonomous Region 宁夏回族自治区	4	4

Source: China City Statistics Yearbook, 2010

**Appendix E.** Cell B (7 Cities): Unemployment Rate Rose from '07-10; % of Unemployed *Dibao* Recipients Fell, '09-12

<b>City</b>	<b>Provincial affiliation</b>	<b>Size</b>	<b>GDP</b>
Shuozhou	Shanxi 山西省	3	1
Huhehaote	Mongolia Auton. Region 内蒙古自治区& capital	2	1
Tonghua	Jilin 吉林省	4	2
Xinyu	Jiangxi 江西省	3	2
Sanya	Hainan 海南省	3	3
Yuxi	Yunnan 云南省	4	1
Xian	Shaanxi 陕西省, & provincial capital	1	3

Source: China City Statistics Yearbook, 2010

**Appendix F.** Cell C (27 Cities): UE Rate Fell '07-10; % of Unemployed Recipients rose '09-12

<b>City</b>	<b>Provincial affiliation</b>	<b>Size</b>	<b>wealth</b>
Qinhuangdao	Hebei 河北省	3	2
Baoding	Hebei 河北省	2	2
Erduosi	Mongolia Auton. Region 内蒙古自治区	4	1
Shenyang	Liaoning 辽宁省, & provincial capital	1	2
Shanghai	直辖市, Municipality	1	1
Nanjing	Jiangsu 江苏省& provincial capital	1	1
Hefei	Anhui 安徽省, & provincial capital	2	2
Fuzhou	Fujian 福建省, & provincial capital	2	2
Longyan	Fujian 福建省	4	2
Shangrao	Jiangxi 江西省	4	4
Jinan	Shandong 山东省& provincial capital	1	2
Dongying	Shandong 山东省	3	1
Linyi	Shandong 山东省	2	3
Zhengzhou	Henan 河南省& provincial capital	2	2
Xiaogan	Hubei 湖北省	3	4
Changsha	Hunan 湖南省, & provincial capital	2	1
Xiangtan	Hunan 湖南省	3	2
Yueyang	Hunan 湖南省	3	2
Guangzhou	Guangdong 广东省, & provincial capital	1	1
Wuzhou	Guangxi 广西壮族自治区	4	3
Chengdu	Sichuan 四川省, & provincial capital	1	2
Panzhihua	Sichuan 四川省	3	2
Guiyang	Guizhou 贵州省, & provincial capital	2	4
Anshun	Guizhou 贵州省	3	4
Simao	Yunnan 云南省	4	4
Lanzhou	Gansu 甘肃省, & provincial capital	2	3
Jiayuguan	Gansu 甘肃省	4	1

Source: China City Statistics Yearbook, 2010

**Appendix G.** Cell D in 2 x 2 Table (22 Cities): Unemployment Fell 07-10; % of Unemployed *Dibao* Recipients Fell, '09-12

<b>City</b>	<b>Provincial affiliation</b>	<b>Size</b>	<b>GDP</b>
Beijing	直辖市, Municipality	1	1
Shijiazhuang	Hebei 河北省, & provincial capital	2	2
Taiyuan	Shanxi 山西省, & provincial capital	2	2
Changzhi	Shanxi 山西省	3	4
Baotou	Mongolia Auton. Region 内蒙古自治区	2	1
Tieling	Liaoning 辽宁省	4	4
Changchun	Jilin 吉林省, & provincial capital	1	2
Baishan	Jilin 吉林省	3	3
Suzhou	Jiangsu 江苏省	2	1
Yangzhou	Jiangsu 江苏省	2	1
Hangzhou	Zhejiang 浙江省, & provincial capital	1	1
Quzhou	Zhejiang 浙江省	3	3
Huangshan	Anhui 安徽省	4	4
Wuhan	Hubei 湖北省, & provincial capital	1	2
Shiyan	Hubei 湖北省	4	2
Heyuan	Guangdong 广东省	4	3
Zhongshan	Guangdong 广东省	2	2
Haikou	Hainan 海南省, & provincial capital	2	4
Chongqing	直辖市, Municipality	1	3
Nanchong	Guizhou 贵州省	2	4
Tongchuan	Shaanxi 陕西省	3	4
Zhangye	Gansu 甘肃省	3	4

Source: China City Statistics Yearbook, 2010

## **Appendix H. Career Background of Selected Leaders in Cells B and C**

The behavior of cities in Cells B and C was counter-intuitive, as noted in our eighth finding. There were 18 leaders governing the seven cities in Cell B in the relevant period. We randomized the order of the leaders and then picked every other leader from the randomized list until we had 15 leaders. For Cell C, which has 27 cities, we first randomized the cities and then picked every other city until we had 15 cities. Then, using purposive sampling, from the 15 cities, we picked either the mayor or the Party Secretary, creating a second list of 15 leaders.

We assigned one point for each of the following career experiences, all of which are experiences common among officials who reach the top ranks of officialdom: 1) an obvious promotion from the previous job (not simply moving from vice Party secretary to Party secretary in the same city); 2) early Party or youth league work; 3) holding either an M.A. or Ph.D. degree or having attended school abroad; 4) having attended a provincial or the central Party school; and 5) having worked in a sensitive sector. We found that the average point score (with 5 being the highest possible) was 2.53 for Cell C leaders and 1.86 for Cell B leaders. Results from a two-sample T-test indicate that at a significance level of .05, the mean of the points assigned to Cell B leaders ( $1.86 \pm .29$ ) is significantly lower than the mean of the points assigned to leaders in Cell C ( $2.53 \pm .27$ ).

**Appendix I1. Highlights of Careers of Sample of Cell B Leaders with Points**

Leader name/sex	Points	City rank/capital	Locale	Job	Rank/locale of previous job	Early party/youth league work	Degree earned/foreign univ.	Part scho 培训
王茂设 M	2	Dijishi	山西朔州	市委书记	山西晋城市委副书记, 市长	County level government 干事, 秘书	MA in Agronomy 山西农业大学 Harvard 2005 06-10 (4months) 公共管理培训班 <b>(1)</b>	省委校 90-9 <b>(1)</b>
冯改朵 F	1	Dijishi	山西朔州	市长	山西朔州纪委书记	County level 妇联干事, 团委书记 (youth league) <b>(1)</b>	Not specified	Not
汤爱军 M	1	Dijishi/ Capital	内蒙古呼和浩特	市长	内蒙古呼伦贝尔市长 <b>(1)</b>	内蒙古自治区突泉县运输公司工人	BA 吉林工业大学 机械制造工艺与设备	Not
秦义 M	1	Dijish/ Capital	内蒙古呼和浩特	市长	内蒙古自治区信访局长 <b>(1)</b>	County level department store manager	BA 内蒙古财经大学计划统计	Not
刘保威 M	0	Dijishi	吉林通化	市委书记	吉林国土资源厅长	Not specified	BA 吉林大学	Not
韩志然 M	1	Dijishi/ Capital	内蒙古呼和浩特	市委书记	内蒙古乌兰察布市市委书记 <b>(1)</b>	辽宁巴林左旗畜牧草原站干部, 副站长	BA 甘肃农业大学草原系草原专业	Not
汪德和 M	1	Dijishi	江西新余	市委书记	江西新余市委副书记, 代市长	江西广丰卷烟厂厂长	MA 浙江大学 <b>(1)</b>	Not
魏旋君 F	2	Dijishi	江西新余	市长	江西省政府信访局局长 <b>(1)</b>	江西司法厅办公室科员, 劳改局第三劳改支队锻炼	Law degree: 华东政法大学 MBA: 华中科技大学 Post-doc: 北京	Not



							交通大学应用经济学博士后 <b>(1)</b>	
高劲松 M	3	Dijishi	云南 玉溪	市长	中共昆明市 <b>(capital)</b> 市 委常委	昆明市委调 研处副处长, 正科级秘书 <b>(1)</b>	MA 云南大学 涉外经济管理 <b>(1)</b>	Not
孙清云 M	3	fushengji	陕西 西安	市委 书记	西安市委副 书记,市长	中国青年报 编辑,记者 <b>(1)</b>	BA 哈尔滨师范 大学中文专业 MBA (no univ. (specified) <b>(1)</b>	Not
董军 M	3	fushengji	陕西 西安	市长	西安市委副 书记	解放军空军 航空兵 46 师 136 团战 士	79-82: 甘肃广 播电视大学汉 语言文字大专 97-99: MA 陕 西师范大学经 济管理学院经 济专业 <b>(1)</b> 06-09: MBA 西安交通大学	93-9 Corr 中央 院经
田喜荣 M	1	Dijishi	山西 朔州	市委 书记	山西朔州市 委副书记,市 长	宁武县东庄 乡学校任教	75-78: BA 山西 财经学院会计 学	92-9 Corr 中央 院经
李正印 M	4	Dijishi	山西 朔州	市长	山西省委副 书记 <b>(1)</b>	大同煤炭工 业学校团委 副书记 (youth league) <b>(1)</b>	96-98: MA 中国社科院研 究生院农业经 济学 <b>(1)</b>	93-9 Corr 中央 院经 98-9 校第 修班 07-0 校在 经济 07-0 校一 <b>(1)</b>
王波M	3	Dijishi/ Capital	内蒙 古呼 和浩 特	市长	内蒙古自治 区巴彦淖尔 市委副书 记, 市长 <b>(1)</b>	辽宁省翁牛 特旗广德公 社插队知青 (知识青年)	78-82: BA 沈 阳化工学院化 工系机械专业 92-93: MBA 天 津大学系统工 程研究所工商 管理专业在职 研究生班	98-9 校中 训 <b>(1)</b>

							<b>05-07: MBA</b> 北京大学工商管理专业 <b>(1)</b>	
张安顺 M	2	Dijishi	吉林 通化	市 委 书 记	吉林通化市 委副书记,市 长	中国第一汽 车集团公司 团委干部, 共青团吉林 长春市委副 书记(youth league) <b>(1)</b>	<b>84-88: BA</b> 吉 林大学机械一 系焊接专业, 系学生会主席 <b>MBA: 吉林大 学商学院工商 管理专业(1)</b>	Not

**Appendix I2. Highlights of Careers of Sample of Cell C Leaders with Points**

Leader name/gender	Points	City rank/capital	Locale	Job	Rank/locale of previous job	Early party/youth league work	Degree earned/foreign univ.
朱浩文 M	3	Dijishi	河北省秦皇岛	市长	河北省石家庄(capital) 市委常, 常务副市长 (1)	国家计委办公厅秘书处科员 (89-90:北京第一机床厂锻炼)	85-89: BA 南开大学管理学系经济管理专业 96-99: MA 北京大学经济管理学院国际金融专业(1)
杜梓 M	0	Dijishi	内蒙古鄂尔多斯	市委书记	内蒙古鄂尔多斯(多斯市委) 副书记, 市长	内蒙古和林格尔县巧什营大队插队知青	75-78: BA 内蒙古师范大学汉语言文学系
韩正 M	4	municipality	上海	市长	上海市委常委, 副市长 '92-'93 a 上海区委副书记(1)	上海徐汇起重安装队仓库管理员, 供销股办事员, 团总支副书记(youth league) 91-92: 共青团上海市委书记(1)	83-85: Associate degree 复旦大学大专班 85-87: 华东师范大学夜大学政教系政教专业 91-94: MA 华东师范大学国际问题研究所国际关系与世界经济专业在职研究生经济学(1)
孙金龙 M	3	Dijishi/capital	安徽合肥	市委书记	安徽省委常委, 政法委书记	82-83: 浙江省地质矿产局第三地质大队一分队 95-98: 共青团中央书记处书记(youth league) (1)	78-82: BA 武汉地质学院探矿工程系探矿工程专业 83-86: MA 武汉地质学院北京研究生院掘进工程专业工学硕士 93-97: MA 南

								开大学经济研究所在职研究生经济学硕士 <b>98-01: PhD</b> 中国人民大学财政金融学院经济学博士 <b>(1)</b>
黄兰香 F	3	Dijishi	湖南岳阳	市委书记	湖南省株洲桥梁厂团委副书记 (youth league)	湖南省岳阳市委副书记、市长 <b>(1)</b>	79-83: BA 湖南师范大学数学系数学专业 95-98: MA 中国社会科学院研究生院财贸经济系国际贸易专业 05-07: MPA 北京大学、国家行政学院联合举办的 MPA 公共管理专业 硕士学位班 <b>(1)</b>	

肖莺子 F Zhuang minority (壮族)	4	Dijishi	广西钦州	市长	广西南宁市经济干部学校教师 <b>(1)</b>	广西南宁市市委常委、宣传部部长，副市长、市政府党组成员 <b>(1)</b>	80-84: BA 湖北财经学院计划统计系国民经济计划与管理专业 97-99: MA 广西大学商学院在职研究生班政治经济学专业 <b>(1)</b>	2002.09 2003.01 在中央党校进修部学习 <b>(1)</b>
李春城 M 2012.12:	2	Fushengji	四川成都	市委	成都市市长、市委副	黑龙江省双城县农	75-83: BA, MA 哈尔滨	Not specified

corruption charge				书记	书记	丰公社保胜大队知青 1987年9月哈尔滨团市委副书记 (youth league) (1)	工业大学电机工程系(1)	
李再勇 M 仡佬族 (Yilao Minority)	2	dijishi/capital	贵州 贵阳	市长	贵州铜仁地委副书记, 行署专员 (1)	贵州省桐梓县元田区元田公社干部	79.09-83.08: BA 贵州农学院农学系农学专业	90.10-91.01 遵地委党校领导干部短期培训班学习 02.03-02.05 中央党校选调生班学习 00.09-03.07 中央党校在职研究生班政治经济学专业学习(1)
沈培平 M 2014.3: corruption charge	2	Dijishi	普洱市 2007年1月21日, 思茅市更名为云南省普洱市。	市委书记	云南省普洱市委副书记、市长	云南省保山地区施甸中学教师 云南省保山地区施甸县政府办公室干部	79.09-81.08: Associate Degree 云南省保山地区保山师范专科学校中文系中文专业 86.08-88.07: BA 云南教育学院中文系中文专业 04.09-07.07: Ph.D 北京师范大学资源学院自然地理学	1999.09-2002.07 在中央党校函授学院在职研究生班经济管理专业学习(1)

								专业在职研究生，获理学博士学位 <b>(1)</b>	
柳鹏 M	3	Dijishi	甘肃嘉峪关	市长	2006.03-2009.12 共青团甘肃省副书记、党组成员，甘肃省青联主席 2009.12: 甘肃省甘南藏族自治州党委副书记 <b>(1)</b>	91.07-94.08 兰州市 <b>(Gansu Provincial capital)</b> 七里河区团委工作 <b>(youth league)</b> 92.05-93.05 挂职任兰州市七里河区彭坪乡石板山村副主任 <b>(1)</b>	94.09-96.12: BA 甘肃农业大学食品科学与工程学院食品科学与工程专业	04.09—06.06 中央党校经济学专业在职研究生 <b>(1)</b>	No

## Notes

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<sup>1</sup> The first author did the qualitative work; the second performed the statistical tests and contributed much to their interpretation. We extend our gratitude to Bo Zhiyue, Anita Chan, Jae Ho Chung, Vera (Cai) Zuo, Qin Gao, Xian Huang, Pierre Landry, Ting Luo, Edmund Malesky, Jon Unger, Jeremy Wallace, and David Zweig for thoughtful and fruitful comments on earlier drafts of this paper, not all of which we were able to use. We also thank Ke Huibing for originally referring us to the Ministry of Civil Affairs data. And we especially appreciate the very close readings and valuable questions and advice from the four anonymous readers for this journal.

<sup>2</sup> Earlier explorations uncovered general rules that govern the behavior of local officials more than they explored specific issues. See Barnett, 1969; Bernstein, 1970; Lampton, 1987; Lieberthal, 1992..

<sup>3</sup> Landry (2008) tackles the general question of whether the central government is able to maintain political control despite economic decentralization, an issue also examined by Huang (1996), who poses this query in terms of central-level capacity to manage inflation and investment levels and Sheng (2010), who investigates how the central level sustains its authority in the face of provincial international involvement.

<sup>4</sup>Minzner, 2009 discusses a related topic: conflicts within target systems and between target systems and other norms.

<sup>5</sup> Thanks to Anita Chan for this point.

<sup>6</sup> Taking 2009 budgetary revenue per capita to measure a city's wealth, we found that this measure's average for Cell B cities was 12,310.91 yuan per year, while for those in Cell C it was 16,571.38 yuan.

<sup>7</sup> Tens of millions of regime-engineered enterprise dismissals ensued in the wake of the Fifteenth Party Congress of September 1997. See Jiang 1997 for the Party General Secretary's speech at the meeting.

<sup>8</sup> According to Zhang, 2014: 221, "the majority of the urban poor comprised unemployed or laid-off low-income workers and their family members"; also, Guan, 2014, 279; Shang and

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Wu, 2004: 269 show that nearly 85 percent of recipients in 2002 were laid-off workers, retirees, unemployed workers or their dependents; a mere five percent belonged to the old “three withouts” group (no source of livelihood, work ability or legal supporters), the target of urban social assistance into the 1990s.

<sup>9</sup> The concept, changed to “social harmony,” was repeated several times in a 2012 State Council “Opinion” on the *dibao* (Guowuyuan, 2012).

<sup>10</sup> Interview, Huazhong shifan daxue community, June 26, 2012.

<sup>11</sup> Interview, Wuhan, Hongshan district, June 30, 2012.

<sup>12</sup> Interviews, Beijing, October 10, 2014, Wuhan, November 3, 2014, Lanzhou, November 21, 2014, and with a resident from Heilongjiang, in Hong Kong, November 14, 2014.

<sup>13</sup> A person was “unemployed” if s/he had no further connection to his/her former firm; a “laid-off” worker at least nominally maintained “labor relations” with the firm, meaning that the firm theoretically remained responsible for contributions to the worker’s welfare funds. In truth, neither had a job any longer. The calculation comes from the 2010 *Minzheng nianjian* (Civil Affairs Yearbook). This percentage differs from the one in n. 8 because it does not include dependants of the unemployed workers.

<sup>14</sup> Through 2006, “disabled” was not a separate accounting category.

<sup>15</sup> *Zhonghua renmin gongheguo*, 2010.

<sup>16</sup> Calculations are from various editions of the *Zhongguo tongji nianjian* (China statistical yearbook).

<sup>18</sup> Interview with social policy researchers, Huazhong keji daxue, November 3, 2014.

<sup>19</sup> Interviews: Fudan University Professor Xiong Yihan, Shanghai, June 20, 2013; email, August 9, 2013; community leader, Jing’an district, Shanghai, June 26, 2013; Peking University Professor, Yuan Ruijun, Beijing, October 9, 2014.

<sup>20</sup> Interviews: *dibao* manager, Wuhan, June 26, 2012; community leader, Wuhan, June 29, 2012.



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<sup>21</sup>References in Neuman, 2013.

<sup>22</sup> Interviews: social worker, Shanghai, June 27, 2013; community leader, Shanghai, June 26, 2013.

<sup>23</sup> In summers (2007-2013) Solinger and her assistants interviewed nearly 100 *dibao* recipients, community *dibao* officers and city welfare officials in eight cities (Wuhan, Xi'an, Lanzhou, Shanghai, Guangzhou, plus three Hubei prefectural cities (Jingzhou, Qianjiang, and Xiantao)).

<sup>24</sup>The *dibao* is an outright, earmarked grant (*zhuanxiang bokuan* 专款拨款), the funds for which are meant to be used specifically just for the *dibao*, and there is no issue of localities having to come up with matching funds.

<sup>25</sup>Ren, 2011 claims that the funds come from the city's auctions of vehicle license plate numbers.

<sup>26</sup> Interview, Wuhan, June 19, 2013.

<sup>27</sup> Qianjiang got 99 percent of its *dibao* funds from higher-level governments; Xiantao got 98 percent (interviews, July 6 and July 8, respectively). Precisely which higher level gave the funds was not specified, but most likely it was the provincial level.

<sup>28</sup> Among the leaders in our 76 cities, Li Chuncheng was removed as Party Secretary of Chengdu for corruption in December 2012, as was Nanjing's former mayor Nanjing, Ji Jianye, in October 2013.

<sup>29</sup> Exceptions exist when an upwardly mobile official is tested in a poorer locale (such as Hu Jintao was).

<sup>30</sup> At a significance level of .05, the mean of the points assigned to Cell B leaders (1.86±.29) was significantly lower than that for leaders in Cell C (2.53±.27). (See Appendix I)

<sup>31</sup> My colleague, Anne Walthall's suggestion.

<sup>32</sup> This insight was influenced by Luo, 2013.

<sup>33</sup> Unfortunately, no year or source is given for these figures.

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<sup>34</sup> Lee, 2007, on the northeast.; Hurst, 2009, in numerous cities. Unfortunately, accurate, complete data on numbers of layoffs and protests are sorely lacking.

<sup>35</sup> It is certainly true, as one referee noted, that central transfers such as the *dibao* pass first to the provincial level (where the four centrally-administered special municipalities, *zhixiashi*, 直辖市, are also situated), which then determines how much of the funds to allocate to the various cities under its jurisdiction. But it is still the *city* itself (whether a *zhixiashi*, a provincial capital, or a *dijishi*, or prefectural-level city) that decides how to use its *dibao* funds within its own borders, i.e., how to divide it up among groupings or types of poor people.

<sup>36</sup>We excluded Lhasa, Tibet's capital, and Urumqi, Xinjiang's, since their minimum livelihood data was missing.

<sup>37</sup> Jiang used Excel's RAND function to conduct the random selection. In provinces where there is data for only two or fewer cities, those cities were included in the sample without random selection. Size of city, measured by a city's population, was controlled prior to the random selection. Any city with a population below one million was counted as a small or medium-sized city.

<sup>38</sup> In Qinghai Province, no small or medium-sized cities were selected, because Xining, the capital, is the only city for which the Statistical Yearbook has data. In Hainan, only one small or medium-sized city (Sanya) was selected, because, besides the capital, it was the only city for which the Statistical Yearbook had data.

<sup>39</sup> After our statistical work was done, we were advised to use the country's entire several-hundred prefectural-level-and-above cities. We reserve this worthy suggestion for a later effort.

<sup>40</sup>See Appendix A.

<sup>41</sup> In an interview on October 9, 2014, an official in the Ministry of Civil Affairs who works on the *dibao* disclosed that the same people might be counted twice in this exercise of categorization, i.e., the same person could be tallied as both "disabled" and as a member of

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the *sanwu*. There is no way for us to determine how these statistics have been assembled in the 76 cities, or in any city, so unfortunately we are forced to use the materials we have at hand. Of course there are also problems with the unemployment data, as one of us wrote over a decade ago (Solinger 2001).

<sup>42</sup> Control variable “capital” is a dummy variable with two values: 0=yes, 1=no. “Regional location” is in the form of four dummy variables: coastal, central, western, and northeastern. Control variable “city rank” has 3 values: 1=centrally-administered municipalities; 2=deputy/sub-provincial cities; 3=prefectural cities. Control variable “citysize” has four values: 1= extra-big [*teda* 特大], cities with population > 3million; 2=large [*da*], cities with population 1-3 million; 3=medium, cities with population 500,000 to 1 million; and 4=small, cities with population <500,000.

<sup>43</sup> We calculated the unemployment rate by taking registered unemployed persons [*dengji shiyereyuan* 登记失业人员] as the numerator and persons working in work units plus those working in urban private and individual firms [*danwei congye renyuan* 单位从业人员+ *chengzhen siying he geti congye renyuan*(城镇私营和个体从业人员 as the denominator.

<sup>44</sup> How, if 61.8 percent of our cities *increased* the percentage of the unemployed among their *dibao* recipients, did the national percentage of the unemployed, laid-off and retired among all recipients *decrease* (from 48.7 down to 39 percent) from 2009 to 2012, as mentioned earlier? The answer must be that many cities in our sample , being provincial capitals and specially-administered municipalities are large, relatively well-off cities (56.6 percent of our cities had populations over one million). These cities tend to have a relatively higher percentage of *dibao* recipients who are unemployed than do smaller, poorer cities.

<sup>45</sup> Neither control variable “cityrank” nor “citysize” is statistically significant in either model reported in Table 4. When controlling for these two variables, these explanatory variables lose significance and the overall R square in both is improved only by .0102 and 0.0065. So we did not include them in the final model.

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<sup>46</sup> In this case, both the control variables “cityrank” and “citysize” were, again, not statistically significant. However, they did improve the R square by .07 this time, so we included them in this model.

<sup>47</sup>We categorized as wealthy (in China’s environment) any city whose GDP per capita surpassed 68,170 yuan in 2009. This was approximately equivalent to US\$10,000 at the exchange rate as of 2009 (about 6.83 yuan/US\$ that year).

<sup>48</sup> Data for Urumqi, Xinjiang’s capital, and for Lhasa, Tibet’s capital, are unavailable.

<sup>49</sup> For a revealing study of Harbin and its unemployed masses, see Cho, 2013.

<sup>50</sup> Thanks to Xian Huang for this insight.

<sup>51</sup> “Teda” cities have populations > 3 million; “large” cities have populations of 1-3 million.

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