

Social Assistance Under Capitalist, Authoritarian Rule: Two  
Management Models In Chinese Municipalities

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As a late-stage effort in its now three-decades-plus program of economic “reform”—entailing the substitution of capitalist practices for state planning—the Chinese government has for over 10 years been building up a social welfare system to complement its marketization—and, in its leaders’ own words, to sustain domestic political stability. One prong in this platform is a scheme aimed at compensating what has been termed the “new urban poor” for losses its members have suffered, as tens of millions of former workers were evicted from the formal labor market. The title of this scheme is the Minimum Livelihood Guarantee (in Chinese, the *zuidi shenghuo baozhang*, colloquially called the *dibao* for short).

What has been the specific connection between the entry of capitalism into China’s economy, on the one hand, and various local administrations’ implementation of this new anti-poverty scheme, on the other, this paper asks? And what best explains the variation I have uncovered between what better-off municipalities do for their poor versus what the more hard-up cities do? I contend that recent literature on comparative social policy does not have much to offer in the way of providing an answer to these queries, and I argue for a different approach. The study draws upon both quantitative and qualitative observations to answer these questions, using a set of *micro* Chinese *city-level* data.

Thus, while holding regime type constant, the paper uncovers patterned *within-country* differences in the handling of one subset among the recipients of state-sponsored welfare in that yet authoritarian country: the urban-registered poorest living in the cities. The paper seeks to demonstrate the following argument: that capitalism-

motivated economic behavior, combined with fiscal decentralization, have produced two distinct modes of disbursement of social assistance in China's localities. I claim that the pressing state goals in China of development and modernization, along with a decentralization of finances and the exaggerated inter-local inequity that came in its wake, together have meant that cities' differential fiscal status has come to inform their officials' uses of assistance funds.

While both these two models of municipal welfare munificence entail styles of responding to the imperatives posed by economic objectives and capacity, underlying each are dissimilar approaches to the political goal of keeping the poor at bay, as the paper explains. I aim to characterize these differences.

I begin with an overview of some recent scholarship on welfare in the field of political science, in which I point out its insufficiencies for explaining my case, and, in general, for addressing variable sub-national decision-making on welfare disbursement within one country. I then go on to outline a different approach. Next I describe the China case and its social assistance program. Finally I examine contrasts among cities and the effects of these contrasts on welfare distribution.

### **Approaches in Studying Comparative Social Policy**

#### *Standard Approaches*

Much comparative literature on welfare policy concerns the impact of such broad *political* variables as *regime type* and the specific institutions that accompany various types of regimes.<sup>1</sup> A related approach focuses attention on the influence of

*regime change*, especially democratic transition, in producing responsiveness among leaders to constituents' appeals where that was absent before the transition.<sup>2</sup> Both these approaches look just at democracies; indeed, democracies have long been the regime form that most researchers pinpoint in their studies of welfare. A set of assumptions has tended to go along with that line of investigation. For instance, levels of spending are associated with the political leaning of the party in power, with inter-party competition, and with popular demands, as expressed in social movements, interest groups' pressures, and elections.<sup>3</sup> Analysts of democracies' provision of welfare also assume that policy is either a function of a response to the machinations of political coalitions, or to the preferences of a "pivotal group."<sup>4</sup>

But since China is not a democracy, but is, rather, a place where elections are either empty charades or are nonexistent, such behavior on the part of politicians is absent. And in general, authoritarian, modernizing polities such as the Chinese one, that allow neither competing parties nor autonomous organized labor unions have largely been left out of the comparative social protection literature. For these factors make a framework based on group demands and politicians' electoral strategies quite irrelevant.

Students of authoritarian political regimes, however, are not helpful for other reasons. For one thing, they have tended to posit overly stylized models, ignoring what takes place in actual, existing polities.<sup>5</sup> Such inquiry deductively postulates (rather than exploring) broad motives allegedly entertained by the rulers in authoritarian regimes (and in most developing countries). Commonly asserted purposes are "productivist,"

that is, to prod economic growth; to enhance a ruler's legitimacy, and/or to sustain a "dictator" in power<sup>6</sup>; to pacify labor, in the interest of ensuring political stability; and to sponsor human capital development, through financing education and health care, components of social policy that generally receive more funding than its other dimensions do.<sup>7</sup> While these factors may certainly govern policy decisions, the question remains as to which factor operates in which particular policy environment and why. These issues, however, remain unaddressed.

A second problem with this style of research for my purposes is that here again the unit of analysis is the state as a whole and national leaders are the actors of interest, so that models built on these assumptions cannot be drawn upon in attempting to understand differentiation in allocations among different sorts of locales *within* a given authoritarian state. Thus, a priori positing the objectives of central-level politicians evades an effort at data-based searching for differential motivations among local leaders.

The analysis that follows argues, in line with the fiscal decentralization of the past three decades in China, the assignment of authority to municipalities to set their own poverty lines and to allocate cash to target groups among the poor has resulted in significant differences between two sets of cities in their administration of social assistance, in accord with cities' wealth. In particular, wealthier and poorer cities responded to the impact of capitalism in disparate ways as they dispensed their respective pots of assistance to their poor.

*A Different Approach: Putting Capitalism at the Core*

As opposed to welfare state models that are based on regime-type analyses (and especially of democracies) or on levels of development, two older pieces of work on welfare and poor relief-- Frances Fox Piven & Richard Cloward's book, *Regulating the Poor* and Claus Offe's paper, "Advanced Capitalism and the Welfare State"<sup>8</sup>—target as the determining factor a specific economic system, capitalism, especially *incipient capitalism*, as the causal factor underlying the welfare relation between rulers and the portion of the populace made needy by the emergent forces of the market in newly capitalist contexts. These analysts thus move away from the world of electoral politics, political coalitions and voters' demands, and depart from dictators' urges to sustain their hold on power or their drive for legitimacy in explicating what drives state aid to the impoverished.

Piven & Cloward consider *maintaining civic order* and *regulating labor* (understood in a very specific way) to be the two pivotal functions of poor relief in capitalist states.<sup>9</sup> Both the Piven & Cloward study and the Offe article (hereafter, PCO) see the recipients of welfare as people judged to be no longer of use to a labor market that has undergone a major conversion from a pre-capitalist to a capitalist system--those individuals, that is, who became obsolete, even wholly worthless, when alterations in the nature of the demand for labor made their skills suddenly inadequate for a new phase of economic growth. The Piven & Cloward study links rises in the call for welfare especially to times of

foundational, historic dislocations in the economy, for instance to the “catastrophic changes” that appear in such eras of rapid modernization precisely as China has been experiencing for 30 years.<sup>10</sup> Citing the early socialists Sidney and Beatrice Webb, they take note of the remarkable conjunction between the initial appearance of systems of public provision for the destitute historically and the earliest advent of free wage labor in late 16<sup>th</sup> century Europe.<sup>11</sup>

What makes this work relevant here is that it traces the birth of welfare programs back to early capitalist times, and so jibes well with a study of assistance in a marketizing authoritarian regime. Reviewing the circumstances under which the Holy Roman Emperor Charles the V, the British King Henry VIII, and the churchmen, notables, and merchants who held sway in the town of Lyons, all during the 16<sup>th</sup> century, devised arrangements for the poverty-stricken, the authors find that each of them was responding to unsettling periods of occupational upheaval when society was disturbed by the people thrown aside. In every case, they argue, the intention behind hand-outs was to calm the populace, clear out beggary from the public thoroughfares, and supervise the activities of the recipients (all in the interest of *preserving order*).<sup>12</sup>

In Chinese cities that capitalism’s advent has favored, as Piven & Cloward would have predicted, there seems to have emerged a determination to limit the actions of the poor on city streets, and to sidetrack away from the mainstream of urban citizenry and its economic activity people living in penury (i.e., to *regulate the labor market* by keeping both it and the sidewalks where its informal component thrives free of

undesirables). These richer, more externally-involved cities are the sites where capitalism and cosmopolitan pretensions are most prominent.

Elsewhere, the changeover from socialist planning to markets, combined with fiscal decentralization, has rendered poorer municipalities too financially strapped to bar anyone from economic activity. Offe designates capitalist welfare a “safety valve,” geared toward guarding against “potential social problems,” or, less euphemistically, social disorder. His analysis also points to what he terms the “benign neglect” that informs official welfare spending on the segments of the population whose appeals do not seem particularly worrisome to policy makers.<sup>13</sup> These observations better fit the more impoverished municipalities, where recipients get piddling portions of assistance and are allowed to practice their business outside. The perspectives of these writers suggest that *capitalism* (an economic, but regime-type-neutral, factor)—with its unpredictable and potentially merciless markets in labor, and its prod to compete—is a core mechanism driving state beneficence and attendant official behaviors—if in variable ways in cities of varying sorts in China.

Piven & Cloward and Offe believed they were positing a generally applicable set of principles that inform politicians’ choices of forms and amounts of poor relief in capitalist countries (especially in countries where capitalism has recently begun to make major inroads). These tenets include the perceived ability of social assistance to *preserve order*; authorities’ inclination to support the scheme with only *token expenditures*; officials’ hope of regulating the *labor market*, such that it is cleared of *obsolescent*, undesirable workers; and



bureaucrats' tendency under capitalism to handle beneficiaries with *benign neglect*.

I will argue that these social externalities of capitalism that guide grants of social assistance are especially present in what are newly economically ambitious, capitalist authoritarian states, where votes mean little to nothing, but where both popular passivity among the impoverished in the face of poor treatment, plus high productivity by the capable, can mean a lot. Substituting this *economic factor*, relatively nascent capitalism, for the logic either of *democratic elections* or of *dictators' survival instincts* in interpreting the incentives behind politicians' payouts to the poor—at least in places where elections are missing or irrelevant—thus echoes an older pattern of poverty relief, one that remains germane in this market-oriented authoritarian state today.

### **The China Case and its Anti-Poverty Scheme**

Four features growing out of the Piven/Cloward-Offe (PCO) line of reasoning—the use of relief subsidies to *regulate the labor market*; the concern with *maintaining order*, or, in the terms used by the Chinese political elite, guaranteeing “social stability” and “harmony”; the targeting of *obsolescent or anachronistic workers* as the appropriate recipients—in part to exclude them from formal work; and the *token expenditures*<sup>14</sup>-cum-“*benign neglect*” that mark such programs—will all be pertinent to the following analysis.

In China in recent years, municipal leaders work under the stresses brought on by economic liberalization and efforts at modernization, by cut-throat domestic rivalry,

by the pressures of international economic integration and competition, and in the wake of the vagaries of uncertain attempts to attract foreign investment. But they do so under quite disparate conditions. For market opening has gone hand-in-glove with decentralization, which has thrust a heavy financial burden on cities for handling welfare; indeed many are currently shouldering substantial debts. Another, less widely known outcome of that decentralization is that styles of implementation and a range of choices about supplying funding are left to leaders at lower administrative tiers, even as localities have diverse and unequal resource bases and revenue streams. Consequently, there is a blatant disparity in fiscal capacity between places blessed by higher revenues during the era of market reforms and those that have remained relatively impoverished.

#### *Sources of Local Variation Pertinent to Managing the Dibao*

A number of factors have led to variation in financial capacity among Chinese cities. The most critical of these was the state's early, post-1979 economic favoritism toward the eastern, coastal area that accompanied the onset of market reforms and that continued for well over a decade. With its easy accessibility, history of foreign trade, and connections with Overseas Chinese, the southeastern region of the country appeared an ideal area for kick-starting a program of economic openness and market liberalization.

Accordingly, four sites on the coast were granted the right to set up "special economic zones" in 1980. The zones thereby acquired authorization to offer tax

exemptions to and waive import duties for foreign investors, among other privileges, giving these places a crucial head start in attracting the foreign investment that led in short order to the technological, communications, and transport infrastructure requisite to further takeoff. As these rights were extended up the seaboard, by 1984, 14 major cities along the ocean—all in the east--were permitted to join the original zones in offering all manner of preferential treatment to investors from abroad; this whole littoral region therefore developed much more rapidly than did the rest of the country.

Before long, incoming capital underwrote further upgrading and modernization up the coast, setting off a virtuous cycle whereby more and more money from the outside was drawn to the east of the country. By the late 1980s, if not before, China was plainly a geographically unequal nation, with both the central inland and the western parts of the country left further and further behind.<sup>15</sup> But finally, in 1992, the right to enact these privileges was extended inland, to port cities along the Yangzi River. Still, cities in the far west and the overwhelming bulk of central China were excluded, and, accordingly, lacked interest in the eyes of foreign investors.

By the time the *dibao* program was inaugurated in 1999, only the places that had benefited from the combination of fiscal decentralization and favoring the east had the wherewithal to provide its *dibao* benefits entirely from their own revenues.<sup>16</sup> In the poorer locales, despite their having a far larger number of impoverished households, municipalities were nonetheless still charged with paying the social welfare costs due their needy populations. But it was soon apparent that they were incapable of doing so.<sup>17</sup> In light of these inequities, in a move to subsidize the more geographically

disadvantaged and remote locales, the central government (hereafter, the center) boosted the welfare budgets of the poorer regions' cities, especially by taking over significant portions of the *dibao* commitment in poorer cities, a move it had made to some degree from the start of the program.

As an example of the disparities associated with this subsidization, as of 2007, the center was donating subsidies amounting to 65 percent of the *dibao* funds dispensed in Lanzhou, a left-behind locality in the dusty and barren west of the country. Another 15 per cent of this city's assistance disbursement came from Gansu province of which Lanzhou is the capital city, leaving just 20 percent for the city to pay out itself.<sup>18</sup> Meanwhile, richer Wuhan, the thriving capital of Hubei province in central China, was itself underwriting close to 60 percent of its *dibao* funds, with the central government putting in only about 40 percent.<sup>19</sup> Another example of the disparities is that by summer 2010, the central government was financing nearly the entire *dibao* bill in prefectural-level cities in central China, which are smaller and poorer than either of these two very sizable cities.<sup>20</sup> Regulations allowing municipalities to designate their own poverty lines, plus central subsidization of poorer locales, have worked together to foster much diversity in the implementation of this assistance effort.

### *The Minimum Livelihood Guarantee Program*

#### *Character, objectives, and development of the scheme; funding*

With the post-1980 total, if gradual, overhaul of the socialist economy and its institutions, the welfare entitlements of the prior decades were removed, as multitudes

of the work units that had dispensed these benefits either collapsed or were bought out by the late 1990s, whether by foreign firms or by “private” Chinese insiders. In either case the enterprises were relieved of their old social security responsibilities,<sup>21</sup> leaving a great deal of labor—especially older and less skilled workers who could be considered *anachronistic* (particularly in places most poised for global competition)—at a total loss.<sup>22</sup> Thus, the coming of capitalism by the 1990s had entailed a state-induced streamlining of the industrial economy in favor of the professionally fit.

To address the fallout of its own policies—and, perhaps most critically, to abort any potential upsurge of opposition to the new, unaccustomed penury and joblessness among the victims,<sup>23</sup> the central government progressively launched a social assistance program. The city of Shanghai initiated a scheme for its poorest citizens in 1993 that spread to other cities over the next few years; finally, a national regulation based upon the years of experimentation was issued in 1999, as protests by dismissed and suddenly indigent workers mounted.<sup>24</sup> By that point, the Chinese leadership was clearly becoming increasingly uneasy over the implications that *disorder* could have for the state’s hallowed objectives of “social stability,” inter-group “harmony” and a successful project of state enterprise reform-cum-economic modernization. Moreover, as the program grew, central-level leaders realized that their efforts to compensate laid-off workers were failing by the early 2000’s.<sup>25</sup>

That 1999 regulation required that a locally-administered, nationwide social assistance program labeled the Minimum Livelihood Guarantee (the *dibao*) be installed, aimed at compensating the newly unemployed, along with other

desperate urbanites who were being pushed into dire poverty. The political elite's purpose in instituting this program was openly stated as being to handle the people most severely affected by economic restructuring, in the hope of thereby rendering them quiescent. In other words, a central objective in installing the *dibao* was to ensure the leadership's weighty objective of *maintaining the order* its members deemed essential for seeing the enterprise reform process safely through, to return to the language of PCO.

At the same time, getting rid of obsolescent and money-losing factories, and firing all or most of the employees in them, was aimed at *regulating the labor market*, again bringing us back to the PCO perspective. Soon following then-Premier Zhu Rongji's signature of the order authorizing the project, a member of the Ministry of Civil Affairs (the bureaucracy in charge of administering the scheme) cited one of its goals as being expressly to "guarantee that the economic system reform, especially the state enterprises' reform, could *progress without incident [shunli jinbu]*" [italics mine].<sup>26</sup>

And once the program was underway, the Ministry enjoined the localities to "spend a little money [read *use token expenditures*] to buy stability."<sup>27</sup> Thus, the paired objectives of facilitating the firms' reform and, to guarantee this, minimal welfare security for the poor, lay at the core of the program's official justification, precisely as PCO presumed such programs would be. Like the social assistance (or "poor relief") plans described by PCO, the charge of the *dibao* was to provide (if scantily) for urban residents whose household income failed to

reach a locally-determined minimal threshold. The method was to supplement that income, but only to the extent necessary to bring the family's monthly wherewithal up to a trifling sum, the level that local officials deemed requisite for basic survival in their own city.

In seeming contradiction to Offe's reference to "benign neglect," the trajectory of the project appeared superficially to be one of increasing generosity, after starting out quite stingily. In the first ten months of 1999, just 1.5 billion yuan was extended to the target population (a total then of a mere 2.8 million individuals). But, it would seem, either in anticipation of the upcoming fiftieth anniversary of the birth of the People's Republic (when the sidewalks were cleared of casual labor in many cities, so as not to sully the celebratory spectacle), or else with an awareness of the likely impending entry of China into the World Trade Organization (WTO), with the shock it was expected to deliver to urban employment<sup>28</sup>--the Ministry of Finance allocated an extra 400 million yuan in supplementary funds to the program during the second half of that year. These funds made it possible to hand the recipients a raise of 30 percent in their allotments, 80 percent of it coming from the central government.<sup>29</sup>

By the third quarter of 2000, the numbers enrolled in the program had increased to 3.237 million.<sup>30</sup> For the next year or two thereafter, the plan's expansion ran precisely in parallel with the intensification of China's market reform (or, one might say, its decisive swerve toward capitalism) and globalization, and, accordingly, with the mounting numbers of moneyless

unemployed. In the year 2000, the central government radically increased its contribution to the total program from under 30 percent of its outlay the year before up to just over 68 percent (with the remainder born by the localities), a percentage which it did not surpass until 2009.<sup>31</sup> Thus it is possible to read the scheme's escalations in funding as markers of decisionmakers' awareness of a need to be mindful of the mishaps attending the new *labor market*, and nervous over the *disorder* that their moves to modernize were apparently driving.

The final major upgrade of the program came in mid-2002, just six months after China had finally joined the WTO. Then the number of participants placed under the program was rapidly jacked up to 19.3 million, nearly doubling the beneficiaries in less than a year (See Table One). But this turned out to be a figure that has been increased only a little after that point (up to about 23.3 million as of mid-2009 at the peak, but back down again to 22.9 million in 2010<sup>32</sup>). And despite the huge increase in recipients in 2002, the people served accounted for just about four percent of the urban, nonagricultural population (a percentage never matched in the years that followed).<sup>33</sup>

Yet the truly indigent urban population very likely represented a far larger proportion of the city populace around that time: a 2001 report by the Party's Organization Department disclosed that an investigation by the National Statistical Bureau, the State Council Research Office and other units discovered that, nationwide, 20 to 30 million staff and workers had fallen into poverty in the prior few years. With their family members, it was judged that these people



amounted to 40 to 50 million,<sup>34</sup> or perhaps as high as 11 percent of the urban population as of that time.<sup>35</sup> A few years later, collaborative work by researchers from the World Bank and the Chinese National Bureau of Statistics, using data from a national urban household study conducted in 2003-04, found that as much as 7.7 percent of the urban Chinese population that had been entered into its data base had a net income below the *dibao* line in the cities in which they resided, and thus surely ought to have been (but almost half of whom were not) served by the program.<sup>36</sup>

As for state expenditures, these added up to only three billion yuan nationwide by the end of 2000, but shot up to 48.2 million by 2009 (See Table Two). Still, despite steady increases in the total funding granted to the program, its overall expenditures were kept at a *token* level relative to other official outlays, ranging from 0.113 percent of total government expenditures in 1999 up to 0.688 percent at the peak, in 2003, and down to 0.615 percent in 2008 (and even lower in the years between 2003 and 2008). And as a percent of GDP, the monies allocated to the urban *dibao* ranged from .016 percent in 1999 up to just 0.1439 percent in 2009.<sup>37</sup>

By way of comparison, a set of emerging economies in Latin America spent from 0.5 to one percent of GDP on targeted antipoverty programs; in several post-socialist countries in Eastern Europe, there was also relative generosity for the victims of reform, as, for instance in Romania, where a minimum-income scheme also cost nearly .5 percent of GDP.<sup>38</sup> And, as

government expenditures in China overall grew at a rate of 25.7 percent from 2007 to 2008,<sup>39</sup> the proportion that went to the *dibao* rose by just 9.6 percent in the same period, data that conforms with the Offe prediction of *benign neglect*.

It is also notable that while the average local *dibao* norm or standard (or, alternately, the poverty line) nationwide represented 20.5 percent of the average local annual wage for staff and workers across a set of provincial capitals and other super-large cities in 1998, nine years later, in 2007, the norm had dropped by 50 percent, down to just 10.3 percent of the mean wage. Besides, in these same cities, the *dibao* norm accounted for 28.2 percent of average disposable income in mid-2002, but by the end of 2007 had fallen by about one third, to only 19.6 percent of average disposable income (See Tables Three, Four and Five).

Taken together, these various sorts of data demonstrate that the miserly portion allotted to the urban poor provides yet more evidence for Claus Offe's notion of "*benign neglect*." It would appear likely that funds have been kept at a nearly negligible level right up to the present as a result of the only very minimal disturbances perpetrated by the *dibao* recipients in the years since the project's inception. Thus the success of the program in sustaining stability among the poorest, I would argue, explains its diminished prominence and publicity in recent years.

*The design of the program: setting the urban poverty line*

The *dibao* is meant to subsidize households whose average per capita *income* falls below the amount necessary for purchasing *basic necessities* (food, clothing, and housing) at the prices prevailing in a given place. There is no national urban poverty line in China, but what is called the *dibao* norm or standard (*biaozhun*), a municipally-designated line which varies across cities, was to be grounded in a combination of considerations: “residents’ basic livelihood needs; a place’s price level; the degree of development of the social productive forces in the region; and a given locality’s financial ability to contribute to the program.” Letting localities peg their own lines was justified on the grounds that the average per capita income varies regionally; another consideration, initially, was that it was the city that was to amass a large portion of the funds for the outlay.<sup>40</sup>

The program belongs to the category of social assistance, a form of social protection in which benefits are typically means-tested, meager, stigmatizing, and offered as a last resort.<sup>41</sup> It supplies the poor with cash transfers and does not entail contributions (as does “social insurance”), since its beneficiaries--who generally have no work nor any employer prepared to take responsibility for their fate--are totally unequipped to pay into it.<sup>42</sup> The local *dibao* line was to be fixed below the minimum wage in each city and also lower than the amount dispensed in unemployment insurance benefits, supposedly in order to encourage employment. In truth, however, in many cities a recipient’s acquisition of even a tiny increment in income through

occasional labor can result in a drastic reduction in his/her household's *dibao* disbursement, so that a negative incentive is provided against working. This is an issue on which cities' practices diverge, in line with the wealth of the city, as I discuss below.

The target subgroup of the urban populace comprised individuals the great majority of whom who were unskilled, middle-aged, chronically ill or disabled.<sup>43</sup> Although by the early 2000's it became clear that the central government would have to subsidize poorer cities heavily, a city's fiscal health continued to heavily influence its management of the program. Given vast disparities nationally in the economic income and assets of different municipalities, the central government's focus upon pacification was by no means everywhere what was central in the eyes of local officialdom. But the impact of local discretion upon the *types* of poor people who are assisted and the proportions of the several types of the poor, respectively, among all beneficiaries in different cities has not yet been explored. I now proceed to do this.

### **Data and Methodology**

To begin my exercise, I separated cities into two gross categories, taking average wage as an indicator of the fiscal capacity of a given city.<sup>a</sup> I found that there is variation in the way a city allocates its *dibao* funds among 10 officially-designated subcategories among these people (such as the aged, women, students, the registered unemployed, the unregistered unemployed, those doing "flexible" labor, the at-work poor, the

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<sup>a</sup>Average wage is a reasonable indicator of the wealth of a given city. Even though it may not be a perfect measure of a city's wealth or resources, a city housing firms that can afford to pay higher wages must also be a place with higher tax income and thus more revenue.

disabled). I chose to focus on two of these subcategories—the registered unemployed and “flexible”<sup>b</sup> (or informal) laborers—because these groupings were the ones whose treatment by officialdom would seem to have had most to do with a city’s financial situation. I then attempted to interpret each city’s rationale in variously disbursing its *dibao* monies among the 10 poor subgroups. To do this, I first calculated the percentage that each of these two subcategories among the poor, respectively, represented among a given city’s total *dibao* recipients as of midyear 2009. The results indicated a correlation between wealthier municipalities and the registered unemployed’s receipt of a comparatively higher percentage of a city’s *dibao* funds. From this I inferred that such cities could be using *dibao* allowances to mollify the obsolete, those once-workers unsuited to a modern city (whether visually or in terms of their skills), whom they push off the streets, out of the labor market and out of sight.

To the contrary, poorer places allocated a relatively lower proportion of their *dibao* monies to flexible laborers, people who are poverty-stricken but still able to work—even if such people labor at work that calls for a low level of skill. These more impoverished cities also lack regulations forbidding flexible laborers from working outside, (rules which are present in richer cities), presumably in the hope that they will thus be better able to support themselves, thereby saving the city money.

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<sup>b</sup>What I am translating as “flexible” business or labor is, in Chinese, *linghuo jiuye*. This term is defined in an online Chinese dictionary as part-time, temporary and elastic (*tanxing*) work done by workers who are unemployed, let go, or engaged in self-employment, such as service work within communities. It differs in compensation, work site, welfare and labor relations from traditional, mainstream employment in the industrialized and modern factory system. Most usually it is performed outside, on city streets.

*Disparities Among Cities, Rich And Poor: Two Cases*

Visits in summer 2007 to two very different cities—Wuhan and Lanzhou-- brought to my attention the variability that subsists in social assistance governance in relation to differential urban financial endowments. I chose to investigate these two inland metropolises precisely because of their dissimilar economic situations; I also had access to researchers in both places.

Relatively well-off Wuhan aims at being modern; Lanzhou, to the contrary, was in 2007 far less geared up to appearing up-to-date. The two municipalities' respective statistical data convey the story crisply: As of 2007, Wuhan registered an urban population of 5.29 million, and a GDP of 270.9 billion yuan (about 4.1 billion US dollars according to the exchange rate current at that time). *Dibao* recipients constituted 4.6 percent of the city population, and expenditures on the *dibao* amounted to 338.1 million yuan, 1.25 percent of total urban governmental expenditures (27.15 billion yuan) at that time. Here was a comparatively well-off municipality with a percentage of *dibao* recipients in the city population around the national average, but where a fairly small amount of urban funds went to these people.

In Lanzhou that year, the city population amounted to 2,080,344, or a bit below 40 percent of Wuhan's. The *dibao* population of 111,758, however, accounted for a slightly higher portion, at 5.37 percent of the total residents there, while the city's GDP of 63.43 billion yuan was less than a quarter of Wuhan's. In Lanzhou, though, where the central government subsidized the *dibao* expenditures, these expenses amounted to 147.7 million yuan out of total local governmental expenditures of 6.82 billion yuan,

which amounted to 2.16 percent of that total, a proportion short of twice as high as that in Wuhan. In the same year, while the average monthly wage per month in Wuhan was 2,239 yuan, in Lanzhou, it was just 1,768 yuan. Clearly, Lanzhou was the poorer place of the two.

### *Qualitative data*

It was quickly apparent from fieldwork that the administrations of the two cities were adopting very different tactics in managing the poor people in their respective populations. This fieldwork entailed observation of activities--or lack thereof--on the streets of these two cities; interviews with officials in both places; and some 80 conversations with recipient households in, plus official documents from, Wuhan during five successive summers (from 2007-2011) and two in Lanzhou (2007, 2010).

In fact, the dissimilar approaches of the two cities were evident from the inception of the *dibao* program: a field survey conducted in 1998 and 1999 in Lanzhou revealed that the city's leaders were then executing a mobilizational strategy toward the indigent, with officials "emphasiz[ing] arousing the *dibao* targets' activism for production, encouraging and organizing them to develop self-reliance."<sup>44</sup> Nine years later, in 2007, that city remained lenient toward its poverty-stricken, allowing them to engage in sidewalk "flexible" business—the manner of handling of which city's officials determine. All kinds of curbside business went on unobstructed, including stalls for fixing footwear as well as small bunches of young men hawking political picture posters.<sup>45</sup> That this was a matter of city policy was confirmed in a summer 2007

interview with the section chief of the Gansu provincial *dibao* office under the civil affairs bureau, who admitted that,

“If the *chengguan* (the police in charge of maintaining order in public spaces in cities) is too strict, the *dibaohu* (*dibao* targets or *dibao* households) cannot earn money. And letting them earn money is a way of cutting down their numbers. If their skill level is low, their only means of livelihood can be the street-side stalls they set up themselves.”<sup>46</sup>

His words revealed not just a relaxed position, but also the budgetary shortages that were disposing urban authorities in Lanzhou to seek ways to save their funds.

In Wuhan that same summer, by way of contrast, informal business on the streets required costly permits and hefty fees; otherwise, it was illegal. There, beautiful, unencumbered thoroughfares were valued to match the towering, modernistic skyscrapers continuously under construction on all sides of the streets. Just over a decade ago, in 2001, when the city was newly stretching toward the future, a laid-off cadre from a local factory who was much in tune with the official Party line of the time pronounced in a private conversation:

We’re 50 years behind the US, but it won’t take 50 years to catch up...Wuhan is a thoroughfare for nine provinces, has lots of communications with the outside, the city government has no choice. The city spent money on infrastructure (a pedestrian mall, a fancy, lit-up Bund along the Yangzi, plus ring roads around the city center).

We don’t have money to spend on laid-off workers, we’ve spent it on infrastructure. Society has to go forward, we need money to build a civilized environment, sanitation to develop a good environment, clean up the shopping area, basic construction facilities necessary to build a better livelihood for people in the future. All cities have pedestrian malls or are building them, it will give Wuhan more competitive ability, for



business and tourism. People will come here. We've also built a beach along Yanjiang Road and it did attract tourists here during the National Day vacation.<sup>47</sup>

Further evidence of this proclivity were the actions of the politician Yu Zhengsheng, appointed Party Secretary of Hubei province at the end of 2001, who advocated developing Wuhan by encouraging the building of much infrastructure there. "I guess he wanted to make the city look better, so doing small business on the streets was not something he wanted to see. Later [no doubt as a reward], he was promoted to Party Secretary of Shanghai, in 2007," a major promotion, related a Chinese scholar.<sup>48</sup>

During Yu's reign, a talented but hard-up woman in Wuhan complained to me that the fees for exhibiting her artwork on the streets had escalated substantially over time, eventually forcing her to abandon any effort to try to make sales.<sup>49</sup> Further evidence of the city's style of governance comes from a recent foreign investigator to the city, who commented that, "Wuhan is working hard to catch up with the infrastructure and living standards of wealthier coastal cities. In 2000 there were 350,000 vehicles on Wuhan's roads; this year [2009] that number will approach one million."<sup>50</sup>

The viewpoint in Wuhan, it would appear, jibes with what has been labeled the "spatial imaginary of modernity."<sup>51</sup> This is a vision that has informed many Chinese officials' aspirations for *au courant* city landscapes and for governing a class of people they judge appropriate to such locales. Combined with a pervasive fixation on the "quality" [*sushi*] of the populace, the modernization of the nation is often taken as

dependent upon the fostering of “superior” individuals, with economic development seen as being contingent upon the caliber of the workforce. Where this bias exists, it acts to marginalize and exclude those *anachronistic* individuals whose abilities and qualifications prevent them from performing the complex tasks called for in a state-of-the-art economy.<sup>52</sup>

Striving for an elitist citizenry also accompanies a drive to upgrade city centers into modern central business districts in the wealthier municipalities, which, as expressed by an economic journalist in 2009, “often requires kicking the original residents into the suburbs.”<sup>53</sup> The writer might well have added—as it follows directly from his observation—that in the well-off, upwardly mobile cities, the urge for a high-class urbanism entails clearing the sidewalks of what is perceived as the riff-raff.

Tellingly, interviews in 2007 with officials indicated that in Wuhan, where foreign investment is courted and foreigners are often present, there are rules that do not exist in poorer Lanzhou and other cities like it. These rules—against allowing informal workers to labor on the sidewalks without first purchasing expensive permits and paying excessive fees—and regulations requiring the deduction of cash from recipients’ *dibao* allotments if the grantees earn any income—militate against allowing casual laborers to earn money. Such ordinances are enforced in Wuhan but not in Lanzhou.

#### *A quantitative exercise*

Quantitative data from a unique dataset prepared by the Ministry of Civil Affairs (MOCA) support my perception of differential administration of the *dibao* in these two

Chinese urban areas, Wuhan and Lanzhou.<sup>54</sup> At the time the quantitative part of this research began, in late 2009 summer, these data for the end of June 2009 were the latest available, nor was there any earlier such data. It is available online. Another dataset, from another source and also available online, the China Infobank, supplies basic economic indicators for a large number of Chinese cities.<sup>c</sup> At the time of the initial research, data for year-end 2007 was the most recent and reliable such data available.<sup>d</sup> Having two datasets with information from time points 18 months apart (year-end 2007 and June 2009) was in a way fortuitous. The disparity in time afforded a lag, such that the effects that one variable (city wealth, as measured by average wage in 2007) might have had on urban policy toward various types of poverty-stricken people (i.e., officials' choices in 2009 about the allocation of *dibao* funds to two categories of recipients) had time to become manifest.<sup>e</sup>

The MOCA data concern the urban-registered population who live in the city districts [*shiqu*] of each of China's 660-plus municipalities at the prefectural level and above. They present the numbers of recipients in each city who are in each of the 10 poor subgroups listed earlier, as well as giving the total number of *dibao* recipients in each city. A calculation of the percentage that the two categories of flexible labor and registered unemployed represent of the total number of recipients in each city uncovers patterns in the way that more and less well-to-do cities treat each of these two

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<sup>c</sup> Please consult the author for the addresses of these databases.

<sup>d</sup> The China Infobank data comes from the National Bureau of Statistics Chinese City Statistical Yearbook 2008. My thanks to Prof. Kam Wing Chan for providing me with references to these data.

<sup>e</sup> Thanks to Yumin Sheng for this insight.

subgroups, and thus, presumably, gives clues as to how cities make their decisions about the treatment of the various subcategories among welfare beneficiaries.<sup>f</sup>

These data reveal that in Wuhan, people doing “flexible labor” amount to just 8.7 percent of the whole local *dibao* population, but as much as 19.7 percent in Lanzhou. These figures would appear to imply that the authorities in the former city are loath to encourage or to subsidize those engaged in outdoor informal work, and therefore provide disincentives to doing it (as, by requiring fees for permits plus deducting funds from the worker’s *dibao* allowance). But officials in the latter place take the opposite stance, encouraging informal businesspeople to partially support themselves by allowing them to work outside. This is done by continuing to offer *dibao* funds to such laborers without any deductions or hefty fees, even as they go on toiling at their turf. As my informant in Lanzhou explained, city bureaucrats in that city behave this way in the hope of reducing the city’s budgetary responsibilities to the poor. In further support of this inference, people at work in flexible jobs account for just 1.7 percent of all of wealthy, modernistic Shanghai’s total *dibao* recipients, but for as much as 33 percent of them in a poverty-stricken western prefectural town. Not surprisingly, Shanghai’s pristine streets are impeccably cleared of the impoverished, for the most part.

Similarly, the registered unemployed are presumably those people who had been dismissed from their former work units after 1998 for lack of appropriate skills and know-how. These are ex-workers who, consequently, cannot fit into the more

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<sup>f</sup> All the statistical work reported here was done by Hu Yiyang.

modernizing formal economy in Wuhan as they perhaps can do in the comparatively more backward Lanzhou. Such individuals accounted for as much as 40.5 percent of the *dibao* targets in the former city, but for just 17.9 percent in the latter, where, one could surmise, they may be able to find jobs more readily (and therefore stand less in need of assistance).

Thus, the data I have show a correlation between average wage in a given city (which I have taken to be a measure of its relative economic health) and the percent of its *dibao* recipients among the same categories I examined in Wuhan and Lanzhou--flexible labor, the registered unemployed--for a subset of 63 super-large, large and prefectural-level cities. On this basis it can be reasoned, Lanzhou officials and those in similarly poor cities allow the poor to help themselves, while Wuhan authorities (and bureaucrats in other better-off localities) would prefer to distribute alms to the indigent rather than to support informal work, in the interest of keeping both their cityscapes and their economies up to par. Furthermore, the data from my 63 cities demonstrate that the registered unemployed amount to 19 percent of all *dibao* recipients nationally, but to as high a proportion as 40 percent in Wuhan and to similarly high levels in other better-off cities.<sup>g</sup>

## CONCLUSIONS

I argue that in one major authoritarian polity, namely, the People's Republic of China, where *capitalism*, with its profits, its competition, its call to

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<sup>g</sup> All these data and the calculations are available from the author.

modernization, and its involvement in globalization have become significant to leaders at all levels—as well as its regionally disparate effects--there appears to be a particular logic undergirding welfare allocation. This is a reasoning that has nothing to do with the calculus that spurs social protection's delivery in democracies, and yet—as one gathers from a sub-national exploration--that is more complicated than stylized, national-level models of dictatorship presume.

The paper also sought to demonstrate that, where *decentralization* has given lower echelons of governmental administration the authority to make up rules about the rationing of social assistance, urban finances –and their inequitable distribution--appear to have an impact upon (or at least to correlate with) administrators' decisions on the specific allocation of the funds. This influence of finances is exerted both directly, as in the case of poor places, when they entice officials to attempt to save on funds; financial factors also seem to operate indirectly, in wealthier municipalities, by disposing richer cities' authorities to design their urban areas as showcases, in the hope of attracting tourism and foreign investment.

This general logic would explain why, in well-off cities, people known by local welfare administrators to be engaged in “flexible labor” represent a lower percentage of total *dibao* recipients than they do in poorer cities. In the interest of keeping needy people out of the public eye and safely at home, welfare distributors in such cities charge fees for sidewalk businesspeople and deduct *dibao* funds from impoverished people who insist on trying to make their own

money. To the contrary, those who, as a group, are registered as unemployed account for a larger proportion of the recipients in wealthier municipalities than they do in poorer cities. The explanation I offer is that officials in the richer cities are likely to want those they view as unsightly or as incompetent workers to stay away from view and out of the regular labor market.

I suggest that these ideas are in accord with the preference of urban administrators in the wealthier locales for achieving a modern appearance in their cities and for fostering technological sophistication in their economies. For in the views of the administrators of such cities, to become effectively modern and sufficiently attractive to foreign investors and tourists, the city must keep disciplined, out of the work force, and even out of sight those who, with the economic reforms, were made into *anachronistic workers*, the new underdogs to which capitalism and marketization have given birth. These people, thus, are encouraged to stay at home by being offered the *dibao*. And their receipt of these funds is, I venture to surmise, expected to render them pacified, thereby contributing to an *orderly* metropolis, to return to the PCO language and analysis.

In poorer places, on the other hand, where funds for the *dibao* are scarcer and where pretensions to grandeur weaker or nonexistent, both these categories of individuals are treated in the opposite way from how they are handled in well-off sites. Less worried about appearances and order, leaders in such localities let flexible workers labor out on the streets without their *dibao* allocation being diminished, because their fending for themselves saves funds for the city budget. Thus, a relatively higher

percentage of informal workers, as compared with in the wealthier cities, can get the *dibao* in such places, because officials there prefer to conserve their city's *dibao* funds and do not object to the sight of people earning money informally on the city's roads.

The registered unemployed, on the other hand, my comparison connotes, may represent a lower proportion of the *dibao* beneficiaries in less well-off municipalities than they do in the wealthier locales. This could be the case because the labor markets in such places, less advanced and less technologically driven, and also less foreign-invested, are more likely to have spots for them, even as local officials are less inclined than are the ones in rich cities to keep these people at home and out of work. Thus, because of the nature of demand in poorer places' labor markets, such people may seem less *anachronistic*. The upshot is that laid-off workers are considered suitable for regular re-employment and so are less apt to be given the *dibao* in cities that are more strapped for funds.

In sum and in broader terms, this research implies that the usual formulations offered about welfare distribution—i.e., that when politicians propose social policy outlays they are responding to powerful interest groups, and that welfare is used to affect political elites' potential to collect votes, or that dictators give out funds to preserve their rule—may not always be adequate explanations. In an authoritarian regime undergoing capitalist-style development, modernization and globalization, where extreme fiscal decentralization has occurred, I argue, the logic of governance in social policy is likely to be driven by quite a different line of reasoning, in accord with principles put forth by Piven & Cloward and Offe. My research here suggests that in



China capitalism has a differential impact upon social assistance allocation in richer versus in poorer cities. Close observation of the behavior of localities has thus uncovered more finely-tuned motives behind patterns of disbursement.

TABLE ONE

# OF PARTICIPANTS	SERVED BY URBAN <i>DIBAO</i> 1999-2010
YEAR	#RECIPIENTS unit = one million
1999	2.8
2000	3.237
2001	11.7
July 2002	19.31
Dec. 2002	20.65
2003	22.47
2004	22.05
2005	22.34
2006	22.4
2007	22.71
2008	23.35
2009	23.48
2010	<b>22.9</b>

**Sources:** 1999, Tang Jun, "The Report," 15-16; for 2000, *ibid.*, 18; 2001 and 2002 (July), Hong Zhaohui, "Lun shehui zuanli de 'pinkun'--zhongguo chengshi pinkun wenti de genyuan yu zhili lujing" [Poverty of Social Rights: Dilemmas of Urban Poverty in China], *Xiandai zhongguo yanjiu* [Modern China Studies], No. 79 (4, 2002), 9-10; for 2006 (Oct.), "2006 nian 10 yuefen quanguo xian yishang dibao qingkuang" [National *dibao* situation for county and above, October 2006], <http://www.mca.gov.cn/news/content/public/20061120150856.htm>, accessed 8/17/2007; for 2007, "National urban and rural residents, the minimum livelihood guarantee system for equal coverage," [http://64.233.179.104/translate\\_c?hl=en&sl=zh-CN&u=http://jys.ndrc.gov.cn/xinxi/t20080...](http://64.233.179.104/translate_c?hl=en&sl=zh-CN&u=http://jys.ndrc.gov.cn/xinxi/t20080...), accessed March 18, 2008. For 2002, 2003, 2004, 2005, 2006 (end of year figures), Zhonghua renmin gongheguo guojia tongjiju, *Zhongguo tongji nianjian-2007* [Chinese people's republic statistical bureau, Chinese statistical yearbook-2007], 899.

For 2008: *dibao* figures come from Ministry of Civil Affairs website online: <http://cws.mca.gov.cn/article/tjsj/dbsj/inde>

For 2009: *dibao* figures from news.china.com.cn, "2009 nian chengshi jumin zuidi shenghuo baozhang renshu da [Urban minimum livelihood guarantee recipients reach 23.47 million in 2009], January 28, 2010 (www.china.com.cn  
For 2010: Minzhengbu wangzhan (<http://www.mca.gov.cn>)

**TABLE TWO**

GOVERNMENT EXPENDITURES, DIBAO AS % OF GOVERNMENT EXPENDITURES, GDP, AND DIBAO AS % OF GDP 1999-2009

YEAR	DIBAO	GOV'T.EXPENDITURES	DIBAO AS % OF EXPDTRS.	Unit: 1 billion yuan	
				GDP	DIBAO AS % OF GDP
1999	1.5	1318.8	0.1	8967.7	0.02
2000	3	1688.6	0.2	99214.6	0.03
2001	4.2	1890.3	0.2	10965.5	0.04
2002	10.5	2205.3	0.5	12033.3	0.09
2003	15	2465	0.6	13582.3	0.1
2004	N.A.	2848.7	N.A.	15987.8	N.A.
2005	19.5	3393	0.6	18385.8	0.1
2006	20.3	4042.3	0.5	21180.8	0.1
2007	27.8	4956.5	0.6	24660	0.1
2008	38.5	6259.3	0.6	30067	0.1
2009	48.2			33500	0.1

(Note: Numbers are rounded off to the nearest tenth of a percent)

**Sources:** For the *dibao*, the figures are either taken from or estimated from the following sources: Tang Jun, "Jianli zonghe de zuidi shenghuo baozhang zhidu" [Establish a comprehensive minimum livelihood guarantee system], accessed on March 18, 2008 at <http://thjp.vip.sina.com/M.htm>; Xinhuanet (Beijing), July 19, 2002); Tang Jun, "Jiasu zuidi shenghuo"; Tang Jun, "Tiaozhengzhong de chengxiang"; and from "2006 nian shi yuefen".

For government expenditures (1999-2006), Zhonghua renmin gongheguo guojia tongjiju bian [Chinese people's republic national statistical bureau, ed.], 2007 *Zhongguo tongji nianjian* [China Statistical Yearbook] (Beijing: Zhongguo tongji chubanshe [China Statistics Press], 279.

For GDP (1999-2006), Zhonghua renmin, *op. cit.*, p. 57.

For 2007, Wen Jiabao, "Report on the Work of the Government," Delivered at the First Session of the Eleventh National People's Congress on March 5, 2008 ([http://www.chinadaily.com.cn/china/2008npc/2008-03/19/content\\_6549177.htm](http://www.chinadaily.com.cn/china/2008npc/2008-03/19/content_6549177.htm), accessed May 26, 2008); and Ministry of Finance, "Report on the Implementation of the Central and Local Budgets for 2007 and on the Draft Central and Local Budgets for 2008" ([http://www.china.org.cn/government/NPC\\_CPPCC\\_sessions2008/2008-03/18/content\\_12...](http://www.china.org.cn/government/NPC_CPPCC_sessions2008/2008-03/18/content_12...) accessed May 26, 2008).

For 2009: *dibao* expenditure (at all levels) from Ministry of Civil Affairs Website, accessed July 14, 2010.

For 2008: For the *dibao*: Ministry of Civil Affairs website online: <http://cws.mca.gov.cn/article/tjsj/dbsj/index.shtml/1>;

For expenditure and GDP: 2009 Chinese Statistical Yearbook, online.

**TABLE THREE**  
**DIBAO NORM AND LOCAL ANNUAL AVERAGE WAGE, 1998, 19 CITIES**

CITY	DIBAO NORM (YUAN/MON.)	NORM x 12(A)	AVG. WAGE (B) (YUAN/YR.)	A/B (A as % of B)
BEIJING	200	2,400	12,285	19.54%
TIANJIN	185	2,220	9,946	22.32%
SHENYANG	150	1,800	7,811	23.04%
DALIAN	165	1,980	9,275	21.35%
CHANGCHUN	130	1,560	7,869	19.82%
HARBIN	140	1,680	6,603	25.44%
JINAN	140	1,680	8,326	20.18%
QINGDAO	160	1,920	8,125	23.63%
SHANGHAI	205	2,460	12,059	20.40%
HANGZHOU	165	1,980	10,194	19.42%
NANJING	140	1,680	10,661	15.76%
WUHAN	120	1,440	8,255	17.44%
CHONGQING	130	1,560	5,710	27.32%
CHENGDU	120	1,440	8,248	17.46%
XI'AN	105	1,260	6,922	18.20%
LANZHOU	100	1,200	7,736	15.51%
FUZHOU	170	2,040	8,772	23.26%
SHENZHEN	245	2,940	18,381	15.99%
XIAMEN	250	3,000	12,799	23.44%

**TABLE FOUR**  
**DIBAO NORM AS PERCENT OF DISPOSABLE INCOME, 21 CITIES,**  
**JULY 2002**

unit = yuan/month

<u>City Name</u>	<u>July 2002</u>		<u>A/B</u>
	<u>Dibao Norm (A)</u>	<u>Avg. Disp. Inc. (B)</u>	
Beijing	290	1038.67	27.92%
Tianjin	241	778.17	30.97%
Shenyang	205	587.50	34.89%
Dalian	221	683.33	32.34%
Changchun	169	575.00	29.39%
Harbin	200	583.67	34.27%
Taiyuan	156	614.67	25.38%
Jinan	208	748.42	27.79%
Qingdao	205 *	726.75	28.21%
Shanghai	280	1104.17	25.36%
Hangzhou	285 *	981.5	29.04%
Nanjing	220	763.08	28.83%
Wuhan	210	651.67	32.23%
Changsha	190 *	751.75	25.27%
Chongqing	185	603.17	30.67%
Chengdu	178	747.67	23.81%
Xi'an	156	598.67	26.06%
Lanzhou	172	n.a.	n.a.
Shenzhen	317 *	2078.42	15.25%
Xiamen	290 *	980.67	29.57%
Guangzhou	300	1115.00	26.91%

## NOTES

<sup>1</sup> Until quite recently study of welfare in the democratic regimes of Western Europe was the main content of such studies; more lately, authors such as Jennifer Gandhi have examined the connection between authoritarian regimes and policy output (Jennifer Gandhi, *Political Institutions under Dictatorship* (New York: Cambridge University Press, 2008). Isabela Mares and Matthew E. Carnes, "Social Policy in Developing Countries," *Annual Review of Political Science* 12 (2009), 96 claim that the binary emphasis on democracies versus authoritarian states misses variation within these two modal types.

<sup>2</sup> Francis G. Castles, "Welfare state development in Southern Europe," *West European Politics* 18, 2 (1995), 291-313 discusses democratic transition's impact on welfare; Ito Peng and Joseph Wong, "Institutions and Institutional Purpose: Continuity and Change in East Asian Social Policy," *Politics & Society* 36, 1 (2008), 61-88 find that this transition leads to new demands and new forms of welfare allocation. Ho Keun Song, "The Birth of a Welfare State in Korea: The Unfinished Symphony of Democratization and Globalization," *Journal of East Asian Studies* 3:3 (2003), 406 explains that democratization opened up political channels through which those in search of welfare could make their voices heard.

<sup>3</sup> James M. Snyder, Jr. and Irene Yackovlev, "Political and Economic Determinants of Changes in Government Spending on Social Protection Programs." Ms. Massachusetts Institute of Technology, April 2000.

<sup>4</sup> Mares and Carnes, *op. cit.*, 108; Peng and Wong, *op. cit.*, 68, 70, 84. Other examples of such work are Geoffrey Garrett and Peter Lange, "Political responses to interdependence: what's 'left' for the left?" *International Organization* 45, 4:539-64, 1991; Evelyne Huber and John D. Stephens, *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (Chicago: University of Chicago Press, 2001), and Paul Pierson, *Dismantling the Welfare State: Reagan, Thatcher, and the Politics of Retrenchment* (NY: Cambridge University Press, 1994).

<sup>5</sup> Gandhi, for instance, makes assumptions about such regimes—such as that dictators are concerned only to thwart challenges and solicit cooperation (*op. cit.*, xvii), that they prefer investments in private goods that benefit themselves and that their programs are prepared in the face of a unified potential opposition clamoring for public goods instead (Gandhi, *op. cit.* 110, 115). Snyder and Yackovlev, *op. cit.* 11 surmise that such regimes design social expenditure budgets with an upper-class bias and, on p. 14, that they have no incentives to extend welfare spending.

<sup>6</sup> Gandhi, *op. cit.*, 111.

<sup>7</sup> Christian Aspalter, "The East Asian welfare model," *International Journal of Social Welfare* 15 (2006), 291; Louis Moreno, "The Spanish development of Southern European welfare," in Stein Kuhnle, *Survival of the European Welfare State* (London: Routledge, 2000), 156; Peng and Wong, *op. cit.*, 69.

<sup>8</sup> Frances Fox Piven & Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* (NY: Vintage Books, 1993) (updated ed.), and Claus Offe, "Advanced Capitalism and the Welfare State," *Politics and Society* 2 (Summer) 1972, 479-88.

<sup>9</sup> Piven & Cloward, *op. cit.*, 3, 408.

<sup>10</sup> *Ibid.*, 5-7.

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<sup>11</sup> *Ibid.*, 15-17.

<sup>12</sup> *Ibid.*, 5-16.

<sup>13</sup> Offe, *op. cit.*, 479, 485.

<sup>14</sup> Fulong Wu, "Debates and Developments: The State and Marginality: Reflections on *Urban Outcasts from China's urban transition*, *International Journal of Urban and Regional Research* 33, 2 (2009), 4, speaks of "deliberate under-investment [in dilapidated neighborhoods] in order for the state to divert capital for new industrial development." Joe Leung, "The Development of Social Assistance in Urban China: The Residualisation of Social Welfare," paper presented at Provincial Provincial China Workshop 2008, Nankai University, Tianjin (PRC), October 27-30, 2008," 11, mentions the impact on assistance of not just a city's financial capacity but also its developmental priorities.

<sup>15</sup> Shaoguang Wang and Angang Hu, *The Political Economy of Uneven Development: The Case of China* (Armonk, NY: M.E. Sharpe, 1998). See also Dorothy J. Solinger, "Despite Decentralization: Disadvantages, Dependence and Ongoing Central Power in the Inland -- The Case of Wuhan," *The China Quarterly*, No. 145 (1996): 1-34.

<sup>16</sup> Tang Jun, "The New Situation of Poverty and Antipoverty," report published as a chapter of book edited by Ru Xin, Lu Xueyi, Li Peilin, et al., *2002 nian: zhongguo shehui xingshi yu yuce (shehui lanpishu)*: [Year 2002: Analysis and Forecast of China's Social Situation (Blue Book on Chinese Society)], January 1, 2002. [FBIS Translated Text] states 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*]." See also Leung, "The Development," 7.

<sup>17</sup> Christine Wong, "Can the retreat from equality be reversed? An assessment of redistributive fiscal policies from Deng Xiaoping to Wen Jiabao," in Vivienne Shue and Christine Wong, eds., *Paying for Progress in China: Public finance, human welfare and changing patterns of inequality* (London and NY: Routledge, 2007), 12-28; and *idem.*, "Rebuilding Government for the 21<sup>st</sup> Century: Can China Incrementally Reform the Public Sector," *The China Quarterly*, No. 200 (2009), 1-24.

<sup>18</sup> Interview, *dibao* section head, the provincial civil affairs bureau, Lanzhou, 5 September 2007.

<sup>19</sup> Interview, director of *dibao* office, Wuhan city Civil Affairs Bureau, 28 August 2007.

<sup>20</sup> In Hubei province, Qianjiang got 99 percent of its *dibao* funds from the central government, and Xiantao got 98 percent of theirs (interviews with local officials in those cities, July 6 and July 8, 2010, respectively). Both are prefectural-level cities. Hubei is in central China.

<sup>21</sup> The slack was to have been absorbed by urban governments. But, unfortunately, for most of these the new tasks delegated to them far surpassed their ability to pay for them. See Christine Wong, "Central-local relations in an era of fiscal decline: the paradox of fiscal decentralization in post-Mao China," *The China Quarterly*, No. 128 (1991), 691-715.

<sup>22</sup> As for the *anachronistic* character of the dismissed laborers, see n. 47, below. Many sources blame the forced restructuring of the urban industrial enterprises for the new urban poverty, including Ya Ping Wang, *Urban Poverty, Housing and Social Change in China* (London and New York: Routledge, 2004), 71-97; Meiyang Wang, "Emerging Urban Poverty and Effects of the *Dibao* Program on Alleviating Poverty in China," *China & World Economy*, 15, No. 2 (2007), 79; Li Shi, "Rising poverty and its causes in urban China," in Li Shi and Hiroshi Sato, eds., *Unemployment, Inequality and Poverty in Urban China* (London and New York: Routledge, 2006), 128; Liu Yuting, Shenjing He and Fulong Wu, "Urban Pauperization Under China's Social Exclusion: A Case Study of Nanjing," *Journal of Urban Affairs* 30, 1 (2008), 25; John

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G. Taylor, "Poverty and vulnerability," in Shahid Yusuf and Tony Saich, eds., *China Urbanizes: Consequences, Strategies, and Policies* (Washington, D.C.: The World Bank, 2008), 93; and Shenjing He, Fulong Wu, Chris Webster and Yuting Liu, "Poverty Concentration and Determinants in China's Urban Low-income Neighbourhoods and Social Groups," *International Journal of Urban and Regional Research*, No. 34, 2 (2010), 28, pre-publication ms. copy.

<sup>23</sup>Dorothy J. Solinger, "The Urban *Dibao*: Guarantee for Minimum Livelihood or for Minimal Turmoil?" in Fulong Wu and Chris Webster, "Marginalization in Urban China: Comparative Perspectives" (Basingstoke, Hampshire: Palgrave Macmillan, 2010), 253-77.

<sup>24</sup> On protests by laid-off workers, see William J. Hurst, *The Chinese Worker After Socialism* (NY: Cambridge University Press, 2009).

<sup>25</sup>Daniel Robert Hammond, "Explaining Policy Making in the People's Republic of China:

<sup>25</sup>The Case of the Urban Resident Minimum Livelihood Guarantee System, 1992-2003" (Glasgow: University of Glasgow Department of Politics, unpub. Ph.D. dissertation, 2010), Chapter Five. See also Carl Riskin, "Has China reached the top of the Kuznets Curve?" in Shue and Wong, *op. cit.*, 42.

<sup>26</sup> Wang Zhikun, "Chengshi jumin zuidi shenghuo baozhang: Buru fazhigua guanli guidao" [Urban residents' minimum livelihood guarantee: Step into the orbit of legalized management], *Zhongguo minzheng* [Chinese Civil Affairs] (hereafter *ZGMZ*) 11 (1999), 18.

<sup>27</sup> Jianli zuidi shenghuo baozhang zhidu de jige wenti" [Several issues in establishing the minimum livelihood guarantee system], *ZGMZ* 9 (1996), 14.

<sup>28</sup>That fall, the United States signed its bilateral agreement with China, a necessary and significant prelude to China's entry. In the intervening two years before the formal entry took place, Chinese labor economists braced for the worst. See, for instance, Mo Rong, "Jiaru WTO yu woguo di jiuyue" [Entering the WTO and employment in our country], *Laodong baozhang tongxun* [Labor and social security bulletin], No. 4 (2000), 18-21.

<sup>29</sup>Mao Jiansheng, "Liguo limin de ningjuli gongcheng--Fan Baojun fubuzhang jiu chengshi jumin zuidi shenghuo baozhang zhidu jianshe hui benkan jizhe wen" [A cohesive project benefiting the nation and the people--Vice Minister Fan Baojun answers this journal's reporter's questions about the construction of the minimum livelihood guarantee system], *ZGMZ*, March 1997, 4-6; Ding Langfu, "Cong danwei fuli dao shehui baozhang--ji zhongguo chengshi jumin zuidi shenghuo baozhang zhidu de dansheng" [From unit welfare to social security--recording the emergence of Chinese urban residents' minimum livelihood guarantee system], *ZGMZ* 11 (1999), 7; "Chengshi dibao: ta shang xin zhengcheng" [The urban dibao: step onto a new journey], *ZGMZ* 1 (2000), 22-27; and Tang Jun, "The Report of Poverty and Anti-Poverty in Urban China--The Poverty Problems in Urban China and the Program of Minimum Living Standard," (hereafter "The Report"), ms., 2002, 17. *Idem.*, Tang Jun, "The New Situation" states that the central government granted an additional 400 million yuan during the months July to December 1999.

<sup>30</sup>Tang Jun, "The Report," 18.

<sup>31</sup> Subsequent amounts paid by the center ranged from 41 to 61 percent between 2002 and 2006. See Tang Jun, UN Children's Fund Commissioned Project Report, Chapter One, "Chinese urban and rural poverty situation and poverty reduction results," 16. No date. The percentages were 28.57 percent in 1999 and 68.18 percent in 2000. See also Tang Jun and Xiu Hongfang, "2010-2011: Chengxiang shehui jiuchu zhidu de wenti ji duice" [Urban and rural social assistance system's problems and their management], in Ru Xin, Lu xueyi, Li Peilin, eds., *2011 nian: Zhongguo shehui xingshi fenxi yu yuce* [Society of China analysis and forecast (2011)] (Beijing: shehui kexue wenxian chubanshe



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[Social Sciences Academic Press], 2011), 210 for the years following 2000 (using data from the website of the Ministry of Civil Affairs.

<sup>32</sup> Tang and Xiu, *op. cit.*, 210.

<sup>33</sup> The urban-registered population in 2002 is given as 502.12 million in the online 2003 Chinese Statistical Yearbook.

<sup>34</sup> Zhonggong zhongyang zuzhibu ketizu [Chinese central organization department research group], *2000-2001 Zhongguo diaocha baogao--xin xingshixia renmin neibu maodun yanjiu* [2000-2001 Chinese investigation report--research on internal contradictions within the people under the new situation], (Beijing: Zhongyang bianyi chubanshe [Central Completion & Translation Press], 2001), 170-71. The urban population in 2000 was 458.44 million, according to the 2001 Chinese Statistical Yearbook online.

<sup>35</sup> According to Azizur Rahman Khan, in "Growth, Inequality, and Poverty: A Comparative Study of China's Experience in the Periods before and after the Asian Crisis," in Bjorn A. Gustafsson, Li Shi, and Terry Sicular, eds., *Inequality and Public Policy in China* (NY: Cambridge University Press, 2009), 150, "perhaps the most careful study of urban poverty in China, prepared for the Asian Development Bank, done by Athar Hussain and others, finds that in 1998 [which was long before the flood of layoffs had been completed] the incidence of absolute poverty, for a rather stringent threshold, was quite significant: 4.7 percent for the income measure and 11.9 percent for the expenditure measure."

<sup>36</sup> Chen Shaohua, Martin Ravallion and Youjuan Wang, "Di bao: A Guaranteed minimum Income in China's Cities?" World Bank Policy Research Working Paper 3805, January 2006, 18. [Also published in Shaohua Chen, Martin Ravallion and Youjuan Wang, "Does the Di Bao Program Guarantee a minimum Income in China's Cities?" in Jiwei Lou and Shuilin Wang, eds., *Public Finance in China: Reform and Growth for a Harmonious Society* (Washington, D.C.: World Bank, 2006)].

<sup>37</sup> In 2006-07 the central government installed a rural version of the *dibao*.

<sup>38</sup> Stephan Haggard and Robert R. Kaufman, *Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe* (Princeton: Princeton University Press, 2008), 216-17; 340.

<sup>39</sup> Calculated from the 2009 Chinese National Statistical Yearbook, online.

<sup>40</sup> The following comes from Athar Hussain et al. (2002) "Urban Poverty in the PRC," Asian Development Bank Project No. TAR: PRC 33448, 64-76. Wang Hui, "Chengshi zuidi shenghuo baozhang gongzuo zhi wo jian" [My opinion on the urban minimum livelihood guarantee work], *ZGMZ*, 10 (1996), 34 explains that the concrete method for setting the line involves each locality adopting the "vegetable basket method," according to which it selects certain livelihood necessities, determines their minimum requisite consumption amount, and calculates the income necessary to purchase these goods, based on the price index in the area.

<sup>41</sup> Athar Hussain, "Social Security in transition," in Shue and Wong, *op. cit.*, 109; and Michelle Dion, "Globalization, Democracy, and Mexican Welfare, 1988-2006," *Comparative Politics* 42, 1 (October 2009), 78, n. 1.

<sup>42</sup> Esping-Andersen, *op. cit.*, 22. Social assistance, in the form of poor relief, is the chief focus in the classic volume on welfare in the U.S. and its history in Western Europe, see Piven & Cloward, *op. cit.*, 409. Social assistance is also analyzed in Michelle Dion, "Globalization, Democracy, and Mexican Welfare, 1988-2006," *Comparative Politics* 42, 1 (October 2009): 63-82.

<sup>43</sup> As Ya Ping Wang has described the situation, "Educational background, social connections and other personal capital became more important factors for competition under the market system" (in Wang, *op. cit.*, 72, 79). See also Meiyan Wang, "Emerging Urban Poverty and Effects of the *Dibao* Program on Alleviating Poverty in China," *China & World Economy*, 15, No. 2 (2007), 79, 80. According to an investigation reported in "Zhongguo chengshi jumin zuidi shenghuo baozhang biaojun de

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xiangguan fenxi, jingji qita xiangguan lunwen" [Chinese urban residents' *dibao* norm's relevant analysis; economic and other related treatises], accessed at <http://www.ynexam.cn/html/jingjixue/jingjixiangguan/2006/1105/zhonggochengshijimin...>, 18 August 2007 among adult targets, those with primary education and below represented 24.1 percent and another 46.5 percent had been just to junior high school, together amounting to 70.6 percent without any senior high school training. A mere 27.6 percent of these people boasted of having some sort of professional or handicraft skill. As for their health, the Ministry of Civil Affairs announced that in a national study of 10,000 *dibao* households, 33.7 percent have disabled people, and 64.9 percent had one or more members with a chronic or a serious illness.

<sup>44</sup>Tang Jun, "The Report," 25.

<sup>45</sup>Observations, September 3, 2007.

<sup>46</sup>Interview, September 5, 2007, Lanzhou.

<sup>47</sup>Interview with out-of-work people in a small private apartment, Wuhan, October 27, 2001.

<sup>48</sup>Email conversation with the scholar, November 23, 2008.

<sup>49</sup>Interview in her home, Wuhan, August 26, 2007.

<sup>50</sup>Tom Miller, "Case Studies: I. Wuhan: future megacity," *China Economic Quarterly*, March 2009, 35. It is relevant that in 2003 the city banned pedicabs—for some prior years a source of livelihood for the laid-off—from the city's streets, to eliminate the perceived disorder they lent to traffic and to the city's appearance (Interview, September 26, 2003).

<sup>51</sup>Frank N. Pieke, "Marketization, Centralization and Globalization of Cadre Training in Contemporary China," *China Quarterly*, No. 200 (Dec. 2009): 960.

<sup>52</sup>Borge Bakken, *The Exemplary Society: Human Improvement, Social Control and the Dangers of Modernity in China* (Oxford: Oxford University Press, 2000), 59-74.

<sup>53</sup>Tom Miller, "Development models: Big cities, small cities," *China Economic Quarterly*, March 2009, 27. Ya Ping Wang, *op. cit.*, 156 also remarks on how "the formalization of urban landscape and housing will eliminate the informal employment opportunities in the cities. Also *ibid.*, 158.

<sup>54</sup>Dorothy J. Solinger and Yiyang Hu, "Welfare, wealth and poverty in urban China: the *dibao* and its differential disbursement," *The China Quarterly*, forthcoming, 2012.