

The State, the Poor, and the *Dibao*:
Three Models of the Wellsprings of Welfare and Lessons for China¹

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As is well known to all, after 1979 China bolted, in a series of steps, from its bygone stance as a socialist, developing, “Third-World” nation to its present position as a power on the rise in the global arena. This historically unprecedented leap was facilitated in social terms by a jarring shift in the regime’s stance toward -- and treatment of -- what was once its critical, so-called “ruling class,” the urban manual laboring force. This switch amounted to a whole new version of the bond between the state and a sizable section of China’s urban society. The motivating impulse came from a new conviction among the top political elite: this was a firm belief among the leadership that for the country to compete in the world economy, and to prepare it to do so by gaining entry into the World Trade Organization, it would be essential to rid the plants of the people who for decades had been plying the machines in them.

In this chapter I begin by discussing how a great number of these victims of progress—this portion of urban-registered (i.e., holding an urban hukou) city society--have been handled since the turn of the century. I go on to present a model offering three disparate principles behind government provision of welfare, with particular reference to programs of social assistance targeted at indigent populations. I provide examples of schemes in several Asian countries to illustrate my model, and discuss how China’s approach at present is aimed especially at quieting perpetrators of protest. Finally I advocate for how that treatment could be improved, which, in turn, should allow for the nation to achieve a heightened ability to utilize its own human resources.

The State’s Handling of the Cast-Offs

The recipients of China’s current social assistance program are, in the main, the people who became classified after 1998 either as “unemployed” [失业] (if their firms had ceased to

exist but at least had contributed to the unemployment fund for the former worker while s/he was in its employ) or else as “laid-off” [下岗], a euphemistic term employed to prettify the massive dumping of tens of millions).

The state’s first effort to placate these most unceremoniously discarded losers was a so-named “Reemployment Program” [*zaijiuye gongcheng*, 再就业工程], pioneered earlier in Shanghai and then developed on a national scale in the late 1990’s just after the 1997 Fifteenth Party Congress. But by the turn of the century that attempt was seen as having foundered, chiefly because of failing firms’ inability to sustain their contributions to these once-workers’ welfare funds; another problem was the deal’s consequent defeat in foiling sizable and unsettling protests among the disgruntled left-behind.

So in a new try, likely rooted in the same intention—i.e. to shut up the angry and move on, unhampered, toward modernization--an alternate scheme initiated just in Shanghai in 1993, named the Minimum Livelihood Guarantee [*zuidi shenghuo baozhang*, 最低生活保障, or the *dibao* for short], was adopted on a country-wide scale in 1999. Unlike that earlier, “Reemployment Project” that had been geared just to resettling the displaced, now not only workers who had suddenly found themselves without employment, but also members of any urban-registered household in which the average per capita income fell below a municipally-designated poverty line, were eligible for minimal, means-tested, monthly allowances. Just as, before, it seems that it was workers’ demonstrations that fostered the creation of this new assistance project (and that soon prompted Zhu Rongji’s call for its huge expansion in 2001-2002), so, within a few years, the gradual drop-off in mass-style marches and noise-making coming from the furloughed, plus general quietude among the recipients of this new project, seems to have convinced policy makers that the problem of attending to the dismissed had been

resolved. True, there were surely isolated spurts of anger from small groups in some cities and outrage displayed by individuals probably everywhere (over not being included in the program, allowance amounts deemed inadequate, or being withdrawn from the rolls). But the massive street performances of the earlier years when layoffs were massive disappeared.

It seems likely that it is for lack of rebellious roadside cries that for a number of years now--no doubt a situation that has at once eased the hearts of the leadership as well as demoted the political salience of the beneficiaries--the numbers of beneficiaries has remained constant at about 23 million (even declining a bit in the 2011 to 2012 year), while the program's generosity has plummeted in respect to several metrics.

As of September 2005, for instance, the mean *dibao* norm (*dibao biao zhun*, 地保标准) or poverty line, a level that is set by individual cities for their own residents) across urban China represented 22.2 percent of the average monthly per capita disposable income in large cities. Only two years later, that percentage had gone down to only 17.9 percent. Then, in November 2011, a mere four years on, that proportion had, startlingly, dropped down to at a mere 13.2 percent. In a similar vein, in 2007, *dibao* expenditures accounted for .113 percent of gross domestic product; in 2008, they were a bit higher, at .128 percent. In 2009, the figure climbed up again, but just to .1439 percent, but in 2011, back down to .14. But in the following year, 2012, the percentage plunged down to a miniscule .108 percent of gross domestic product.

One final sign of the drop concerns the *dibao*'s proportion of the mean wage. In 1998, the average *dibao* norm nationally was equal to 20.5 percent of the mean wage in the country's largest cities. Yet by 2007 that rate had halved, sinking down to 10.3 percent, and, alarmingly in 2011, the norm had descended to a tiny 7.8 percent of the mean wage in state firms.² During this period of shrinkage in the urban project, the *dibao* was extended to the

countryside, albeit with far lower payments to the grantees; this perhaps is yet one more piece of evidence that alms for the city-based may have paled in urgency; this may be especially the case, now, in comparison to what is viewed at higher, decision making levels as the imperative of offering succor to ever-restive rural residents.

China does not maintain (or not reveal) poverty data for individual cities or even a national figure for urban poverty. But statistical work in progress appears to demonstrate that serious joblessness has not really abated in most Chinese municipalities since the turn of the millennium. But it is on the foundation of the type of calculations laid down above that it may make sense to surmise that something else besides the hardship of a group—that is, I presume, the degree of disturbance delivered by differing segments of the impoverished populace—that accounts for the extent of regime charity the government is willing to dispense to a collectivity.

A Welfare Typology

The basic differentiating criteria

This supposition, along with comparative reading on other developing and Asian states, led me to think about the motivations that dispose a government to extend relief to its poor. Accordingly, I devised a typology comprising several disparate principles that could inform governmental provision of welfare, especially in relation to programs of social assistance targeted at indigent populations.

My paradigm proposes that such programs may aim at doing one of three things (or some combination thereof). They may: 1) extend assistance to needy persons on

the basis of the principle of the rights of the individual, or social citizenship rights—or, in a larger sense, on a foundation of a notion of social rites (using the word “rites” as understood as a customary observance or practice, as in the Confucian rite of bestowing benevolence or humanity, *ren* [仁]); 2) supply protections and grant benefits (such as education and health care) in order to enhance the productivity of the nation; or they might be geared to 3) offer subsidies for the purpose of pacifying popular antagonism and silencing unwelcome demands on the part of the poor.

I claim that the intended beneficiaries of these three types of projects are, respectively, individuals; society/the state writ large; and incumbent politicians. I argue that this categorization can be used to distinguish among three types of program, each of which has its own aims and also takes on differing forms of official donations in various countries. Although more than one of these motives might be operative under any particular government at any given time, I maintain that one of them is generally primary and outstanding.

A few examples, both current and historical, flesh out the typology: In Japan and Korea, for instance, the most applicable model is the second one. That is, officialdom in these polities extends (and in the past has extended) offerings to the poverty-stricken with the aim of building up the productivity of the nation; this was also the case in Republican days in China. One could claim, too, that in late dynastic times the Chinese state offered relief on the basis of a notion, derived from Confucius, that there was a right to (or, better put, a *rite* entailing) governmental protection to the hard-up in times of adversity. Today’s political elite, by contrast I suggest, bestows

financial aid mainly in a hope of preempting disturbances and forestalling “instability,” in accord with the third model.

To provide more depth, I expand on these distinctions: The first of these three models I label the “Rights”- (or “Rites-“) based one; in its liberal, Western-based form it assumes that all people possess basic human *rights* to livelihood, social protection and security³; in Confucian societies, there is an operatively similar view that a regime must attend to individuals and communities where livelihood is under threat. This approach, which might be paternalistic as in some authoritarian regimes or, alternatively, rooted in notions of justice and egalitarianism (in democratic regimes), purports to work to realize these rights or to fulfill this customary obligation. Policies promulgated in line with this perspective generally take *the individual* as their target, as they have as their final goal the sustenance of *persons*, taken as ends in themselves. It is also the case, however, that rulers—like traditional Chinese emperors--guided by the norm of providing for “the people’s” welfare (or “nourishing the people”)--aimed at collective subsistence, not just at the preservation of the single person.

The second model, which I call the “Responsive” one, is represented by programs crafted in *response to voice* (with the term “voice” understood very broadly), that is, designed principally in reaction to expressions of popular discontent (or from fear thereof), and to demands that have been (or that conceivably could be) put forth by citizens who feel aggrieved, as expressed through their ballots. This model can be reactive or preemptive, or it could be both. But the “voice” of the aggrieved can be communicated not just through votes in democracies. It can also become potent when it is raised by rioters and demonstrators, especially, but not only, if they are organized.

It is enough that politicians are apprehensive about domestic disorder or about their own dethronement (as in authoritarian regimes) or, as in democracies, about their potential failure to win or to hold onto an official post they desire or hope to retain. Any such concerns can lead officials (or prospective officials) to install (or to promise) welfare remedies directed at defusing the tensions, satisfying the demands, or demobilizing the masses in the immediate or short term, in the wake of expressed dissatisfaction with the status quo. In these cases, one could make a case that the plans devised are prepared and presented chiefly for the good of *politicians*.

An example from a second-rank, developing power might be Mexico under former President Carlos Salinas, who governed from 1988 to 1994. In his regime, the country instituted a welfare program called *Solidaridad* in the late 1980s to target regions where he needed to win votes.⁴ Another case could be the democratic U.S., about which Frances Fox Piven & Richard Cloward have written. These authors noted that state-disbursed hand-outs to the poor during the 1930s Depression diminished markedly on several occasions not in response to outcomes at the polls—and, more pointedly, not because poor people’s situations had improved—but just because mass disturbances had died down. Documenting welfare in the mid-1930s, they note that, “with stability restored, the continued suffering of these millions had little political force,” ample evidence of the pull of politicians’ own interests.⁵

The third motivating impulse—or logic of sustenance supply—is to remove the impoverished—or, alternatively, to purge the people-at-large of what is perceived to be the disagreeable traits of the poor—from the public realm. The stimulus there is to get rid of features that political leaders and, often, the public at large, see either as innately offensive or else as ill-suited to the society in question and its contemporary goals. This one I call the “Remold/Reject”

pattern. This style of succor has both positive and negative perspectives, and, in turn, operates in both affirmative and derogatory modes.

From a *positive* angle, the guiding aspiration is to remold or, better put, to rehabilitate indigent persons, in the stated interest of integrating them into the mainstream, proper populace, by rendering them able to position themselves to contribute to the nation. From this more optimistic, *inclusive*, vantage point, recipients can be tutored or nourished--in other words, *upgraded*--on a hope of gaining their more permanent cooperation, and they are not, as in the second model, the Responsive one, simply to be temporarily placated and silenced.

But this renovation enterprise can also spring from a *negative, pessimistic* view and, accordingly, adopt an antagonistic approach, as in regulating, disciplining, repressing, surveilling, and, in the extreme case, altogether *excluding* the poor from the rest of the residents-at-large.⁶ Here the treatment works not to upgrade, but rather to *downgrade* the targets. In either of these cases connected with rejecting persons as they present themselves—whether inspired by positive or negative outlooks on them--the subtext beneath the policies and programs is to improve *the nation*. And so it is to the collectivity as a whole (not just, as in the first, Rights- (or Rites-) based model, to a single community) that the advantage is to accrue. Also as against that first approach, the drive behind this one — whether benign in instinct or battering and abusive in impact – is often revealed in platforms smacking more of reproach than of care. Thus, each of the three models rests upon its own distinct *rationale*.

With each of these logics of support (or justifications for spurning) there go distinctive *modalities or tactics*. Where the *individual* and his/her rights is critical (or where officials operate on the basis of shared visions of appropriate “rites” in handling people), in the Rights/Rites-based model, relevant programs could be either charity or government entitlements.

I combine these two types of assistance despite that they are sometimes presented as contradictory (charity being seen as belittling and unpredictable, even as it is proffered on the positive understanding that persons should be assisted to live, while entitlements may lend some dignity, since they are universally bestowed on all qualified subjects, and are institutionalized). Recently, for instance, some areas in India and elsewhere have initiated programs that offer outlays of direct cash to the impoverished. These grants are a product of a new, post-Universal Declaration of Human Rights era which emerged in the “Global South” in the late 1990s, in line with a 1948 United Nations document that introduced the notion that people have a right not to be poor.⁷

Secondly, when the dominant motive is to provide gains and benefits to *politicians*, as in the Responsive variety of aid, compensation or payoffs that are time-limited and conditional tend to be the mode of giving. Alternatively, politicians may also pick off protesters’ leaders while palliating lesser participants, all in the service of deactivating demands. In either case the objective and the outcome is generally to bolster the careers of the political figures while clamping up (or garnering support from) citizens whose voices had been in opposition.

And third, when *elevating* and enhancing—perhaps modernizing--*the nation* is the guiding aspiration, in affirmative, Remolding assistance, the objects are apt to be treated beneficently, but not necessarily for their own good. This is generally accomplished by extending funds for education and health care to them to form human capital for heightening national productivity and thus this step is taken for the sake of the *state* as a whole. In both Japan and Korea, for instance, in the early postwar decades, high growth goals *for the nation* meant that a pro-production (sometimes termed a “productivist”) public policy informed social protection rather than did either a notion of *rights* (model one) or a hope to *respond to voice*

(model two).⁸ Stepan Haggard and Robert Kaufman point out that, while postwar East Asian states extended only low levels of social insurance, some of them (notably, Korea and Japan) did put investment into education. The upshot was that they managed to upgrade the skills and knowledge of those who were poor for lack of adequate training.⁹ To the extent that these governments funded welfare, the object, then, was to rehabilitate and uplift the unfortunate so they could join in a national project, in line with the constructive side of the Remake/Remold pattern. This amounted in essence to enhancing, upgrading and increasing the total pool of human capital in the nation.

Contrariwise, from a negative impulse, when the inclination for national advancement is paired with a widespread belief that poor people—whether from deficiencies in education, morality or skills, for reasons of poor health or disability, or for unseemly appearance--are hopelessly incapable of donating to the larger community, then refurbishing is less likely than is simply removing the persons from the public purview. This can be accompanied by stiff regulation or untarnished coercion, all in the interest of keeping the larger collectivity pure or up to par.

An extreme case of this model would be Barbara Harriss-White's depiction of what she terms "the very poorest of the poor" in India and Peru. Her subjects, the casualties of accidents, addictions, natural and health-related disasters, and of the fallout from deep indebtedness, are rejected by and estranged from their society; this occurs as the general populace is actively hostile toward them. As Harriss-White explains, they are those who "have nothing (in terms of assets), 'are' nothing (in terms of political and social status) and contend with ferocious obstacles to the exercise of agency (i.e., can 'do' virtually nothing in terms of realizing their capabilities)." She goes on to posit that, "destitute people are a social category which exists within the

territorial boundaries of a society but from which society evidently wishes to rid itself.” This amounts, she points out, to a “stripping of rights” from people held to be expendable. In describing lice-infested storage places into which already miserable indigents may be tossed,¹⁰ it is obvious that these people are simply to be removed. In some ways the treatment of China’s current *dibaohu* is not altogether dissimilar: I have interviewed a *dibao* recipient whose home was the underside of an old staircase; another lived in a cement cubicle next to the community toilet. In neither case does the dwelling measure up (or, I should say down) to the abodes of Harriss-White’s informants, but both are nonetheless unsavory.¹¹

Three sets of state (and political leaders’) ideal-typical *goals* characterize the Three models, respectively, each of which may involve an aspiration to bolster the legitimacy of the regime and/or its leaders, whether domestically, externally or both, in the light of some prized value. These are (in the Rights/Rites pattern) to achieve universally-honored norms or to fulfil traditional/culturally-grounded ethical understandings about the claims and deserts of persons; (according to the Responsive model) to preserve or to bring about social harmony, domestic order and political stability; and (as the Remold/Reject logic would have it) to attain national development and “progress,” economic growth, and, often, what is held to amount to “modernity.”

This schematic presentation portrays these distinctions:

THREE IDEAL TYPICAL MODELS OF WELFARE PROVISION

Names of models/ Features of models	Rights/Rites- based	Responsive	Remold/reject
Rationale	Realize rights to (or act in accord with rites to ensure) sustenance, protection, security, justice	Respond to voice, whether expressed in votes, marches, or violence	Deal with (improve or discard) social misfits
Beneficiaries	The individual	Politicians	The nation
Tactics	Provide for livelihood, use charity or other private sources or instate entitlements	Defuse tensions, preempt or satisfy demands, demobilize through payoffs, compensation	Rehabilitate, remake by educational, health benefits OR discipline,exclude by means of coercion, expulsion
Goals	Assist persons as ends in them- selves; fulfil universal or tradi- tional norms	Order; attain or preserve political status for political elites	Gain contribution to nation, OR purify the nation; productivity

Other relevant issues

Two other issues that often enter into decisions about social assistance allocations are how to determine who truly *deserves* relief; and what the appropriate *source of funding* ought to be. For instance, some of the states of India sponsor cash allowance schemes only for those usually known as the “deserving poor,” such as children, disabled individuals and the elderly. In 1995 India’s central government, moreover, introduced a nationwide arrangement called the National Social Assistance program, which promised that benefits would eventually be available to poor households upon the death or incapacity of their heads, i.e., most typically for widows, or for pregnant women, two additional categories of clientele often viewed as “worthy.” These outlays fall under the categories of national old-age pensions, family benefits, and maternity allowances.

As for the issue of whether the *source of financial assistance* should be *private* (as, coming from employers and firms, family members, or voluntary organizations and charitable foundations) or *public*, that is, disbursed by the state.

We can see this type of approach taken by the governments of both Korea and Japan. Both of these nations developed social protection policies over the years that relied heavily upon private more than on public funding. In Korea, voluntary agencies and businesses were long tasked with providing social protection. Indeed, in both countries the social safety net was more the responsibility of employers than it was of the state. As Taekyoon Kim et al. argued recently, “For most of South Korea’s history, family support and occupational welfare had [*sic*] compensated for the lack of government-provided welfare.”¹² This was because the state’s goal of fostering economic development overrode all other considerations and consequently was the premier target for state investment. Despite a rights-based assistance program created in South

Korea in 1999 and a doubling of public expenditure on welfare at the same time, coverage remained limited, and the proportion of the poor who received assistance probably equaled only a mere third of those who were eligible.¹³

In Japan too, where the concept of the “deserving” poor still holds sway, conditionality obtains, as able-bodied people have been denied welfare. As Gregory Kasza explains, the official emphasis was for decades until the last few years been placed on helping people to remain at work through a system of incentives to firms.¹⁴ Historically, family support relieved the government of the need to help the needy.¹⁵ Similarly, in the formulation of Leonard Schoppa, the Japanese government constructed a model of “convoy capitalism,” which helped the vulnerable to subsist, which they were able to do as the firms that employed them were charged with nurturing their employees and restricted in laying off workers. The firms, accordingly, were aided to remain in business by government subsidies and pro-productive policies.¹⁶

Conclusion

In sum, my research on the Chinese *dibao* of the past decade-plus, along with related reading on social assistance elsewhere in Asia and internationally, has informed my construction of a typology consisting of three distinct modes—or, one could say, ideal types--of welfare provision: systems that situate their schemes in a notion of *rights (or rites)*; programs that are generated in *response to voice*; and policies aimed at *removing* from the public realm either persons themselves or else what is seen as their offensive or unfit behavior by *rejecting* them, or by *rehabilitating* and/or *remolding* both the persons and their behavior.

In China in recent years, as resignation and noiselessness appear to be the norm among the poor, *dibao* funding has plummeted as a proportion of the output of government domestic production (GDP), and in relation to average city workers' wages the work, despite their being effectively unemployable in the current context, are more and more treated as outside the pale of the "deserving" impoverished, even as their present plight was handed to them by their own once-benevolent government. Meanwhile, those eligible for assistance get funds whose value relative to those several relevant economic indicators has become more and more negligible, seriously endangering the future of their progeny.

Korea and Japan are neighbors whose ancient moral foundation resembles that of China. Is it not reasonable to urge the Chinese government to make better use of its human resources by ensuring that the children of the poor, not just the offspring of the well-off and well-to-do, have the opportunities for their lives that adequate health care and higher-class education can go a long way to ensure?

Accordingly and in conclusion, the suggestion with which I close this essay is this: that the governmental elite of China—having achieved the domestic peace among the urban poor—that solace for themselves that their *dibao* program was meant to deliver--now turn their project instead to providing the nation with a richer human capital pool than they are now involved in doing. This will mean a shift from the Responsive to the Remolding mode of welfare ministrations, with the goal of building a nation with a higher "*suzhi*" overall. This is not exactly, or not fully, a fulfillment of the Confucianist program they espouse. But it would be a worthy venture with a potentially valuable outcome.

Notes

¹ Thanks to Thomas P. Bernstein, Elizabeth Perry, Joanna Smith, and R. Bin Wong for very helpful comments on a closely related paper.

² These calculations come from data available at China Data Online (chinadataonline.org) and on the Ministry of Civil Affairs website (<http://cws.mca.gov.cn/article/tjsj/dbs/index.shtml/1>), various years.

³ For a discussion of the concept of “rights” in China, historically and today, see Elizabeth J. Perry, “Chinese Conceptions of ‘Rights’: From Mencius to Mao—and Now,” *Perspectives on Politics* 6, 1 (March 2008), 37-50.

⁴ Daniel C. Levy and Kathleen Bruhn, with Emilio Zebadua, *Mexico: The Struggle for Democratic Development* (Berkeley: University of California Press, 2001), 92.

⁵ Frances Fox Piven & Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* (NY: Vintage Books, 1993) (updated ed.), 80, 45.

⁶ Loic Wacquant, *Punishing the Poor: The Neoliberal Government of Social Insecurity* (Durham: Duke University Press, 2009) spells out this means of dealing with the poor, especially through the use of the prison.

⁷ Joseph Hanlon, Armando Barrientos and David Hulme, *Just Give Money to the Poor: The Development Revolution from the Global South* (Sterling, VA: Kumarian Press, 2010), 19-20, 27.

⁸ Gregory J. Kasza, *One World of Welfare: Japan in Comparative Perspective* (Ithaca: Cornell University Press, 2006), 115.

⁹ Stephan Haggard and Robert R. Kaufman, *Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe* (Princeton: Princeton University Press, 2008), 1, 9-10.

¹⁰ Barbara Harriss-White, “Destitution in India and Peru,” in Frances Stewart, Ruhi Saith, and Barbara Harriss-White, eds., *Defining Poverty in the Developing World* (Basingstoke, England: Palgrave/Macmillan, 2007), 104-05; 121-22.

¹¹ Interviews with *dibao* recipients in Wuhan, on July 21, 2009 and August 25, 2008, respectively.

¹² Taekyoon Kim, Huck-Ju Kwon, Jooha Lee, and Ilcheong Yi, “‘Mixed Governance’ and Welfare in South Korea,” *Journal of Democracy* 22, 3 (July 2011), 130.

¹³ *Ibid.*, 131-32.

¹⁴ Kasza, *op. cit.*, 100, 105.

¹⁵ *Ibid.*, 108.

¹⁶ Leonard J. Schoppa, *Race for the Exits: The Unraveling of Japan’s System of Social Protection* (Ithaca: Cornell University Press, 2006), 2, 4.